



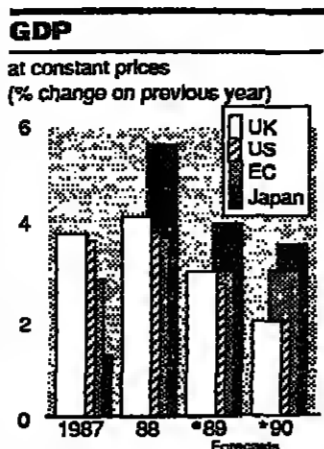
EUROPEAN NEWS

Commission couples optimism on Community economy with warning on imbalances EC 'set for two years of strong growth'

By David Buchan in Brussels

The European Community is heading for at least two more years of buoyant investment-led, job-creating growth, but dangerous gaps are opening up between the economic performances of some member states.

This is the main message of yesterday's update by the European Commission of its October 1988 annual report. Making its first forecasts for next year, the Commission predicts that the Community's gross domestic product will show a 3 per cent real increase both this year and in 1989, falling off only slightly from the very strong 3.7 per cent increase in 1988.



Published just before next month's UK budget, it calls for "appropriate budget policy measures and a more moderate development of wage costs". However, the Commission is equally cautious about the opposite phenomenon of West

Germany's growing trade surplus, forecast to increase from 4.1 per cent of GDP last year to 4.3 per cent in 1989-90. "The Commission does not think further increases are sustainable," Mr Christophersen said, adding that the emerging single market imposed "an obligation on countries to contribute to a more balanced situation".

On growth in the EC the report says this "is now more employment-creating than ever". It forecasts that, in contrast to the loss of 2.4m jobs in 1981-85, 6m jobs will have been created in 1988-90.

Swedish energy costs to rise

By Robert Taylor in Stockholm

SWEDEN faces the prospect of a doubling in the cost of its energy production as a result of the planned phasing-out of its nuclear power programme from 1995, according to Vattenfall, the country's state power authority.

He added that the effect of increasing energy costs would be felt across a wide range of services, including food production, and would hit the forestry, metals and mining industries particularly hard.

Low wage rises agreed by unions in Denmark

DENMARK'S TRADE unions, faced with the prospect of rising unemployment, are agreeing to a lower rate of wage increases in 1989 than at any time in the past 30 years.

Mr Michel Rocard, the French Prime Minister, yesterday reshuffled his government following the appointment of Maurice Faure, the Public Works and Housing Minister, to the Constitutional Council, the country's supreme court for administrative and constitutional matters, writes Paul Betts in Paris.

Czech police hold another dissident

By Leslie Colitt in Prague

CZECHOSLOVAK police yesterday arrested a spokesman for the Charter 77 human rights group, Mr Tomas Hradilek, accusing him of incitement to rebellion and harming the country's interests abroad.

Mediobanca chiefs face charges

By Alan Friedman in Milan

THE MILAN public prosecutor is seeking the criminal indictment, on charges of falsifying balance sheets, of the chairman and other top executives of Mediobanca, the powerful and secretive Milan merchant bank.

Mediobanca. The indictments have been sought because the public prosecutor believes that evidence gathered over the past year shows that between 1976 and 1980 Mediobanca operated a L200m (\$14.8m) slush fund which was used to favour some of the bank's clients with subsidised interest rates and to pay special incentives to Mediobanca executives.

have been discovered by the Guardia di Finanza, Italy's fiscal police. Mr Cingano and some of the others whose indictments are being sought occupied different positions between 1976 and 1980, but as they were members of Mediobanca's executive committee they may be held responsible.

Belgian communes act to save endangered Romanian villages

By David Buchan in Brussels

MOUNTING West European concern over human rights violations in Romania has this week taken the form of special hearings in the European Parliament and moves by Belgian communes to "adopt" endangered Romanian villages.

session, where some pressure for economic sanctions may also emerge.

The only plausible form this could take would be denunciation of the EC's 1990 trade and co-operation agreement with Bucharest. So far, and in sharp contrast with fast-moving trade diplomacy with the rest of Eastern Europe, the Commission has refused to act on Romania's request for an upgrading of this agreement.

Rocard reshuffles French cabinet

By Robert Taylor in Paris

Mr Michel Rocard, the French Prime Minister, yesterday reshuffled his government following the appointment of Maurice Faure, the Public Works and Housing Minister, to the Constitutional Council, the country's supreme court for administrative and constitutional matters, writes Paul Betts in Paris.

Mr Michel Delbarre, the Transport Minister, will also take over Mr Faure's responsibilities. There is speculation that there could be a wider reshuffle in the government after next month's municipal elections.

Soviet air traffic control protest

Moscow air traffic controllers are refusing to collect their wages in a protest over pay, working conditions and the lack of modern equipment, the weekly Literaturnaya Gazeta said yesterday. Reuter reports from Moscow. It reported that about 350 controllers at three airports were taking part in the protest and a further 200 who originally joined in had given up because of financial difficulties. The action had been going on for more than two months although flights had been unaffected.

German forces seen as 'old fashioned'

Almost half of West Germans reject their armed forces as an outdated institution, the weekly magazine Quick said yesterday, Reuter reports. It said 44 per cent in a representative survey felt the West German "armed forces" were "old-fashioned." The survey bolstered other polls showing many West Germans no longer see the East bloc as a threat.

Appeals in Italy's biggest Mafia trial

An appeal hearing began yesterday against the verdicts in Italy's biggest Mafia trial, which sentenced 338 gangsters to 19 life terms and more than 7,700 years in jail, Reuter reports from Palermo. Appeals are being made by both prosecution and defence against the verdicts, including acquittals, on 424 of the original 474 defendants. Only about 100 of those sentenced are in jail. The rest are on the run or have been released pending the appeal.

Amnesty criticises Bulgaria crackdown

The Bulgarian authorities have come under sharp criticism from Amnesty International for failing to halt a crackdown on dissidents and refusing to provide information about protesting ethnic Turks, writes Judy Dempsey in Vienna.

The 14-page report published this week claims that the Bulgarian authorities have been torturing ethnic Turks and preventing independent human rights groups from operating freely throughout the country.

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De Mita demands support for reform of public finances

By John Wyles in Rome

MR CIRIACO DE MITA, the outgoing leader of Italy's Christian Democrats who remains Prime Minister, yesterday wined up the party's congress with a clear warning that he will resign as head of Government unless he is given strong enough backing to reform the country's public finances.

As a whole, the party appeared totally absorbed by its past and present and preoccupied very largely by the question of how it can remain in the driving seat of post-war Italian democracy.

Political advantage is making it very difficult for Mr De Mita to mobilise the party behind either the party's priority curbing budget deficits and the public debt.

The "unity" resolution due to be passed last night commits the DC to support the Government's budget reform policy for acting on both revenues and expenditure. But this does not guarantee Mr De Mita either the support of his 'DC colleagues in massive spending departments such as health, nor the approval of its parliamentarians for government legislation.

Sweden warned of problems posed by 1992 W German divide set to widen

By Guy de Jonquieres, International Business Editor

SWEDEN WILL face serious difficulties in safeguarding its economic and trade links with the European Community after 1992 unless it moves closer to full EC membership, says a report from Britain's Royal Institute for International Affairs.

"middle way", which would shelter the country from the threat of economic discrimination by the EC without requiring it to integrate itself tightly with EC decision-making.

larily if the latter takes an increasingly hard line towards non-European trade partners.

national link between Sweden and the Community could be severed by the EC's decision to abolish its border controls against Sweden, the report says.

By David Goodhart in West Berlin

THE NORTH-SOUTH divide in West Germany is likely to be exacerbated by the European Community's open market after 1992, despite the fact that an extra 200,000 to 600,000 German jobs should be created, according to a report published by the Empirica Group.

Some 80 Belgian communes have so far unilaterally adopted the same number of Romanian villages threatened by bulldozers in President Ceausescu's programme to re-group some 8,000 of his

technical edge. Intelligent regional intervention could prevent the exacerbation of the north-south divide but that should not take the form of traditional subsidies, the report's authors suggest.

Nato hawks forget it is politics which bind the alliance

East and West are on the threshold of a broad detente of which arms control is a partial reflection

A GROUP of American defence experts has urged the US Administration to exercise restraint in the debate over the modernisation of nuclear weapons in West Germany. This is a sensible proposal: the issue is shaping up as a battle of wills between Washington and Bonn, and promises to be bruising as well as counter-productive.

IAN DAVIDSON ON EUROPE

before he did so, the Germans had to screw themselves up to deploy the new cruise and Pershing II missiles, and the four-year political struggle destroyed their left-right consensus on Nato's nuclear strategy.

national conditions which would make them change their mind. They may be pressured into a face-saving formula in time for this year's Nato summit, but it is difficult to believe that West Germany will in practice go through the process of deploying any major new nuclear missile system, in the terms in which that proposition is currently being presented.

the US, which could be carried by Nato aircraft based in Germany, or even based outside. So why not rephrase the modernisation plan, as a mixture of some land-based missiles and some air-launched? Last week Mr Alfred Dregger, CDU parliamentary leader, made clear to me that he could accept something of this sort.

Some of the institutional formulae being discussed in Bonn, for example the new detente, seem decidedly far-fetched. Mr Dregger seems to believe that the division of Europe could be overcome by enlarging the European Community to include East Germany, Hungary, Czechoslovakia and Poland, while the Western European Union would remain the European pillar of Atlantic security.

What is not far-fetched is the wide-spread assumption in Bonn that the East-West quagmire is political, and requires a political response. Nato hawks accuse the Germans of preparing to slip gradually into neutralism; they should beware of making matters worse by crude militarism. Of course, Nato must keep its nuclear deterrence in shape; yet the problem is not a shortage of nuclear weapons. It should be obvious that the alliance is held together by political interests, not nuclear weapons; yet sometimes it looks as though the hawks are gratuitously banging the nuclear drum, because they prefer to deny that the problems facing the West today are more political than military, more European than Atlantic.

**WORLD TRADE NEWS**

**Telecom groups in fight for HK cable TV licence**

By John Elliott in Hong Kong

INTERNATIONAL telecommunications and television companies are linking up in rival groups behind two of Hong Kong's most powerful tycoons - Mr Li Ka-shing and Sir Y.K. Pau - to compete for the colony's first cable-television licence which is expected to involve a capital cost of between HK\$30m (237m) and HK\$35m.

The companies have been attracted by the prospect that the winner might be allowed to use its underground duct network for the colony's possible second telecommunications system when Hong Kong Telecom communications monopoly local telephone licence expires in 1995.

Mr Li Ka-shing has a majority share in his group, Hutchison CableVision, which has been the favourite for several months and has attracted the most impressive array of big names.

They include British Telecom, Peking's China International Trust and Investment, the Hong Kong and Shanghai Bank, and Swire Pacific which is one of the colony's leading trading "houses".

It has been working on its bid for about two years, and will today announce the details and its consortium partners which, it is thought, might also include Kokusai Denhin Denwa of Japan and Cable Share of Canada.

Sir Y.K. Pau's group, led by a branch of his Wharf Holdings, includes US West, one of several "baby bells" which have been considering bidding. Sir Run Run Shaw, the local tele-

**India agrees to speed British investment**

By David Housego in New Delhi

RECENT STRAINS in relations between India and Britain were symbolically buried yesterday with the announcement of an agreement between the two governments on procedures to accelerate investment by British companies in India.

Britain is only the third country after West Germany and Japan to be accorded what the Indian government calls "fast-track status". Requests by France for similar treatment both before and during the recent visit to Delhi of President Mitterrand are still pending.

Lord Young, the British Trade and Industry Secretary, sought "fast track" status for British companies at the outset of his current visit to India, with the Indian response as being seen as a touchstone of the current state of relations.

Lord Young is the first British Trade Secretary to visit India in five years. Indian resentment over the activities of Sikh extremists in the UK and a television programme critical of Mr Rajiv Gandhi, the Indian Prime Minister, resulted in a temporary arms embargo on Britain last year and the cancellation of a British ministerial visit to India.

Lord Young said yesterday that Ministers had not raised the Sikh issue with him and that Indo-British relations were now "as warm as they could be". Lord Young saw Mr Gandhi and other senior members of the government.

The "fast-track" status will enable British companies seeking to invest in India to raise any problems they have with an ad hoc committee of Indian and British officials.

As a sign of the changed atmosphere, Mr Vasant Sathe, Minister of Energy, is due to accompany Lord Young on a visit to the Rihand power station in central India where an all-British consortium led by Northern Engineering Industries is completing the first 1000MW stage.

GEC is expected to be awarded the contract for the second 1000MW, worth about \$600m, to be built with substantial British aid.

**India signs up the world for its software**

K. K. Sharma discusses the industry's future with exports totalling \$59m last year

FIVE YOUNG programmers, barely out of their teens, crowd over a computer monitor and anxiously watch a new logo they have designed for a highly successful package known as "Signbank," they have written for banks. It is a signature verification programme which also throws up photographs of customers on the screen.

They leave a sigh of relief when their supervisor gives his nod and then tells them a Japanese bank has been added to the long list of customers for Signbank that has fetched Tata Unisys, India's biggest software exporter, more than \$10m in the past year.

For Tata Unisys, a joint venture between one of India's largest industrial groups, Tata, and the US computer giant Unisys, Signbank is only one of the specialised packages successfully sold all over the world from its base at the Santa Cruz Electronics Export Processing Zone (Seepz) in Bombay.

It has led a number of Indian companies in selling custom-

ised packages abroad, based on locally developed skills and low costs that has made it possible for the country to find a small, but potentially large share in the fast-growing global software market.

Tata Unisys' main advantage lies in its ability cheaply to provide on-site development of software, something that is possible because of relatively low salaries paid in India to highly-qualified personnel. These are being sent abroad constantly to clients such as banks, hotels and travel agencies which are eager to benefit from computerised operations, but need modifications to software packages that are possible only if programmers work with them in their own offices.

Indeed, much of Tata Unisys' annual budget is spent on training software engineers and its "plant" at Seepz is almost entirely dedicated to turning out specialists for export to on-site locations. Costs are low because of relatively small salaries in India, but fresh recruitment has to be undertaken constantly to

replace personnel bought up by customers or rival companies. Last year, for example, Tata Unisys lost 171 out of a total of 700 trained employees.

Indian programmers and specialists are in demand not only because their salaries are low but they somehow have an uncanny, logical and mathematical mind needed for programming. Even more important, they do not encounter a communications problem because of their knowledge of English, the lack of which is a major hurdle for the Japanese or Taiwanese.

As a result, Indian software companies are finding customers in all the continents from companies which want on-site software development but wish to avoid adding programmers to their permanent staff and so prefer to contract out.

For the same reason, Western companies are setting up software units in India either on their own or in collaboration with existing companies. Citicorp now has its own establishment while Banque Indosuez of France is working in

the Tata Unisys set-up at Seepz. Britain's International Computers has linked up with an Indian associate while British Telecom has tied up with Mahindra and Mahindra. Data-matics Consultants have been exporting software to Wang and Hinditron Computers are doing software jobs for Digital Equipment Corporation of the US. Entry to the Japanese market has been tough because of language problems.

Much of the successful work done abroad is what professionals call "on-site development" but which many countries consider "body shopping" and so have clamped immigration restrictions on Indian technicians, a large proportion of whom do not return home.

Indian companies resent the restrictions because this hampers their main activity of going to their customers to develop customised packages. Nevertheless, Indian software companies last year notched up exports of Rs900m (\$9m), this is negligible in the multi-billion-dollar global mar-

ket, but the Government hopes that, because of India's advantages and the lack of capacity of software companies in the West, software exports will rise to Rs3bn in 1990.

The modest aim is that when the world software trade touches an estimated \$300bn, India's share will be at least one per cent, since software exports are a relatively new development. Even this amount will contribute significantly to tackling the country's enormous balance of payments problems.

The Government is encouraging the industry by permitting easy import of software tools and making available foreign exchange if companies guarantee exports worth about three times the amount. But the main hurdle remains the inability of most Indian companies to set up adequate marketing networks abroad that would seek orders of the kind that are easily and cheaply done on site by trained specialists, who have innate skills that make them natural computer whizz-kids.

**ABB wins NZ power orders**

By William Duffin in Geneva

ASEA BROWN Boveri (ABB), the Swedish-Swiss electrical engineering group, has won two contracts worth \$190m (2105m) for a transmission system between New Zealand's North and South Islands.

The project involves a high-voltage direct current (HVDC) system which will enable the North Island to use more effectively hydro-generated electric-

ity from the South Island. One of the contracts, awarded by TransPower New Zealand, goes to ABB alone. The second, for submarine cables, goes to a consortium in which ABB partners Norway's Alcatel-SEL.

Upgrading the HVDC link will enhance transmission of clean hydro-power from the South Island to the North.

**Argentina to receive military spare parts worth \$13m from US**

By Gary Mead in Buenos Aires

ARGENTINA is to receive military spare parts worth \$13m from the United States. They will be used for refurbishing 200 armoured personnel carriers and 20 Bell helicopters.

The agreement was signed in Buenos Aires late on Tuesday evening, by Gen Francisco Gaston, the Argentine army Chief of Staff, Gen Fred Woerner, in his capacity as US Chief of Southern Strategic Command, and Mr Horacio Juanarena, the Argentine Defence Minister.

Discussions between the two sides have accelerated in the past 12 months, with senior military and political figures travelling between both countries. Last September, Mr Juanarena visited the US in a bid to promote the sale of Argentina's trainer aircraft, the Pampa. As

yet the US has shown no sign of agreeing to purchase the aircraft.

Under the terms of this week's deal, Argentina can draw on a credit (of 18 months' duration) to purchase the spare parts, described by US diplomats in Buenos Aires as not being threatening to either Britain or neighbouring countries.

The US Government position is that "in the context of a democratic society" it is willing to consider requests for further and different military equipment.

However, Argentina's interest in unblocking delivery of already paid-for Skyhawk A-4 fighter-bombers is certain to face a continued veto from Nato allies.

**All Nippon to purchase 20 Boeings**

By Nancy Dunne in Washington

ALL NIPPON Airways (ANA), the world's eighth largest airline, yesterday announced a \$1.15bn purchase of 20 Boeing 747-400s, the largest sale ever of the Boeing model.

The investment in new aircraft, engines and spare parts will equal almost 6 per cent of the 1988 US trade deficit with Japan. The airline is also negotiating the purchase of 15 to 20 smaller 767-300s in a deal which could become the most lucrative of that model.

Mr Shigeo Goto, executive vice-president of the airline, said the 747-400s were selected for their computer-controlled cockpit systems, which reduce the pilots' workloads and because its advanced design and system make the model particularly economical to fly.

All Nippon has been buying Boeings since 1964, and its investment in Boeing has now grown to \$10bn.

**CAE wins \$48m flight simulator contract from West Germany**

By Robert Gibbins in Montreal

CAE INDUSTRIES Limited, the world leader in commercial flight simulators, has won a C\$58m (\$48m) contract from the West German Defence Ministry.

The contract is for a prototype low-level military flight simulator system. It is a world first for the Canadian company.

The simulator will duplicate topography and flying conditions met by pilots of fighter aircraft flying low-level missions in Europe.

The West German has curbed low-level flights by its fighter squadrons severely, following two major disasters. The last disaster occurred at an air show in August 1988 at Ramstein when 70 people were killed.

The new simulator system would reduce the number of low-level practice flights needed to be flown by the West German air force.

CAE will deliver the prototype early in 1991 and is expected to get more than C\$300m in follow-up work over the next few years.

CAE has a German subsidiary and has built nine Tornado flight simulators for Germany and Italy.

Boeing's De Havilland division in Toronto will build six DASH-8-100 commuter aircraft for America West Airlines for US\$48m and for delivery in 1991. The order brings total sales of DASH-8-100 aircraft and the larger DASH-8-300 to 295.

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OVERSEAS NEWS

Key S African interest rate raised to 16%

By Anthony Robinson in Johannesburg

THE South African Reserve Bank yesterday acted to restrain credit-fuelled economic growth by raising the bank rate 1.5 percentage points to 16 per cent with effect from today.

Botha may quit because of ill health

By Anthony Robinson

PRESIDENT P.W. Botha is now expected to resign as executive State President as soon as he is fit enough to hand over his powers formally in parliament.

Bush seeks to make his mark in East Asia

Peter Riddell finds the US is taking Japan seriously as leaders gather in Tokyo

JAPAN has definitely arrived as a big power in the US. The television news superstars Tom Brokaw, Peter Jennings and Dan Rather are there this week for President George Bush's visit to Emperor Hirohito's funeral.

The other big news in Tokyo are unlikely to be long only 30 minutes in most cases. And, as Mr Brent Scowcroft, the President's National Security Adviser, candidly admitted in a preliminary briefing, the substance will not be extensive.

The China leg of the trip is partly being presented as a prelude to Mr Bush's arrival in his previous experience as a legation head there, as well as signalling US interest in a fresh start in relations with the Soviet Union.

Bush out to cement old friendships in Peking

By Peter Ellingren in Peking

FIFTEEN years ago George Bush turned down diplomatic jobs in Paris and London in order to represent the US in Peking, a city he toured by bicycle and likened to "Life on East 7th street in Odessa, Texas in 1948."

With a historic Sino-Soviet summit just three months away, he and his Secretary of State, Mr James Baker, will want to ensure Washington does not lose out in the thaw between Moscow and Peking.

The visit will also be a chance for discussions on regional concerns, including Kampuchea, Korea and Taiwan. The US, like China, is keen to see an early resolution of the Kampuchean impasse and a lessening of tension in Korea.

Taiwan is more tricky, as the US, which traditionally backed Taipei's independence from the mainland, is now moving closer to Peking and will probably come under pressure to act as a mediator in China's plans for reunification.

ing to Taiwan government spokesman, Ma Ying-jeou, this would be disastrous for Taiwan, which insists on remaining aloof from Peking's influence.

Confession clears Mandela team of doctor's killing

By Anthony Robinson

ROBBERY was the motive for the murder of Dr Abubaker Asvat, the Soweto doctor linked with the Mandela United Front, a Johannesburg court heard yesterday.

But yesterday Mr Zakhele Mbatha, 21, told the court he shot the doctor during a tussle while robbing him of R35 rand. His confession appears to rule out any link between Dr Asvat's death and his visit to the Mandela household.

Mr de Klerk is understood to have moved quickly to assert his authority as new leader of the party and line it up behind a more flexible approach to questions such as crime areas and educational and other reforms aimed at modernising South African society.



Zhao: Blamed for harvest

Pressure mounts on Deng to fire Zhao

By Collins MacDougal

THE RECENT flurry of speculation about the standing of Zhao Ziyang, China's party general secretary, has been further fuelled by his unexplained disappearance from the programme of a conference held in Hong Kong.

moment by Tian Jiyun, a Vice-Premier, according to the usually well informed China News Service.

Reports from Peking said that Wu Xiangping, a central committee spokesman, had commented "Zhao Ziyang is still General Secretary of the Chinese Communist Party," adding: "He is not ill."

who set up China's planning system in the 1950s, was said to have blamed Zhao for China's poor grain harvest last year and for the general economic chaos which undermined party authority.

Solomon Islands may oust Queen

By Our Foreign Staff

SOLOMON ISLANDERS voted yesterday in general elections expected to be won by an opposition party that wants to oust Queen Elizabeth as head of state and establish a republic.

Results are not expected until next week. The Solomons are a chain of several groups of islands, with a land area of some 11,000 miles, in Melanesia to the east of Papua New Guinea, and a population of some 270,000. They have been internally self-governing since 1978.

ment, which will elect a new prime minister on March 21. In 1984, at the last elections, the United Party won 13 seats, the People's Alliance 12, Solomons Anu Saganuena four and eight seats were won by other parties and independents. One seat was vacant.

Seoul warns opposition to back off

By Maggie Ford in Seoul

MR Park Jyun Kyn, chairman of South Korea's ruling Democratic Justice Party, yesterday warned opposition parties that the country was at a turning point and that a return to the politics of confrontation could take place.

Fresh jolt for Japanese party

By Ian Rodger in Tokyo

JAPAN'S ruling Liberal Democratic Party received a fresh jolt yesterday when a prominent politician withdrew from an election campaign for fear of losing.

in Miyagi would be worse for the party than a withdrawal. Analysts said it was unprecedented for an LDP candidate to drop out of a campaign for fear of losing.

Y.Lem. (234,000) from the Recruit group since 1978. He said the money was received as "donor" political contributions, but there have been suggestions that Recruit allowed special favour to him two years ago when he became chairman of the education committee of the lower house of the Diet.

Algeria poll on liberal reforms

By Francis Ghiles in Algiers

ALGERIANS vote today on constitutional reforms which allow independent political associations, remove all reference to socialism, provide the right to strike and refer to "fundamental rights and freedoms" of Algerians.

Army warns Sudanese Premier

By Julian Ozanne

SENIOR military officers in Sudan have issued an ultimatum to Mr Sadiq el Mahdi, the Prime Minister, giving him one week to make progress in resolving the five-year civil war in the south and make changes to his coalition government.

Defence Minister, earlier this week in protest at the Government's refusal to accept a peace pact negotiated between the Democratic Unionist Party and the Sudan Peoples Liberation Army late last year.

and the prospect of a military takeover, as in 1985 and 1989, is growing. Last November the DUP and the SPLA signed an agreement in Addis Ababa calling for a national constitutional conference to be held on the freezing of controversial plans to reintroduce Islamic law, the abrogation of military pacts, the lifting of the state of emergency and a ceasefire.

Speech defect drug listed as dangerous

A DRUG used to prevent speaking difficulties among the elderly will be listed as dangerous by Japan's Ministry of Health and Welfare following reports of 11 deaths from its side effects, Renter reports from Tokyo.

The official said excessive or improper use of the drug was suspected to have caused the deaths. It has been found to cause excessively low blood sugar and high blood acid levels that could lead to unconsciousness.

The drug said sales of the drug had been falling because the company had already issued strict instructions on use. Sales were expected to continue to fall, he added.

Manufacturers of drugs listed as dangerous must label them as such and doctors are required to ensure careful handling of them, the ministry said. Users will also have to undergo medical examinations once every two weeks.

Critics of Hong Kong law warn of delaying democracy

Liberals fear the new draft Basic Law could be used to put universal suffrage on ice indefinitely, writes John Elliott

HONG KONG'S conservative businessmen and liberal campaigners are squaring up over the degree of democracy in the British colony after 1997 when it reverts to Chinese sovereignty.

lawyer and leading liberal campaigner. The draft is "terrible", he says, because its proposals could delay universal suffrage indefinitely.

(SAR) of Hong Kong would continue to enjoy a "high degree" of autonomy. "Peking has done this but unfortunately there will be no SAR government willing to exercise that autonomy because the lack of direct elections means that China will control the legislature and the chief executive," he says.

expected would be for universal suffrage in 2007, preferably without a referendum, or, at worst, with a referendum free of Peking controls.

China is to table its plans on this soon after the Basic Law has been promulgated so that the new court operates before 1997.

Two weeks ago, a new party was formed, the first to break the FLN's monopoly since 1962. The Rassemblement pour la Culture et la Démocratie, a broadly social democratic party, was established in Tizi Ouzou, capital of the Berber heartland of Kabylia, after a two-day meeting of Le Mouvement Culturel Berbère.

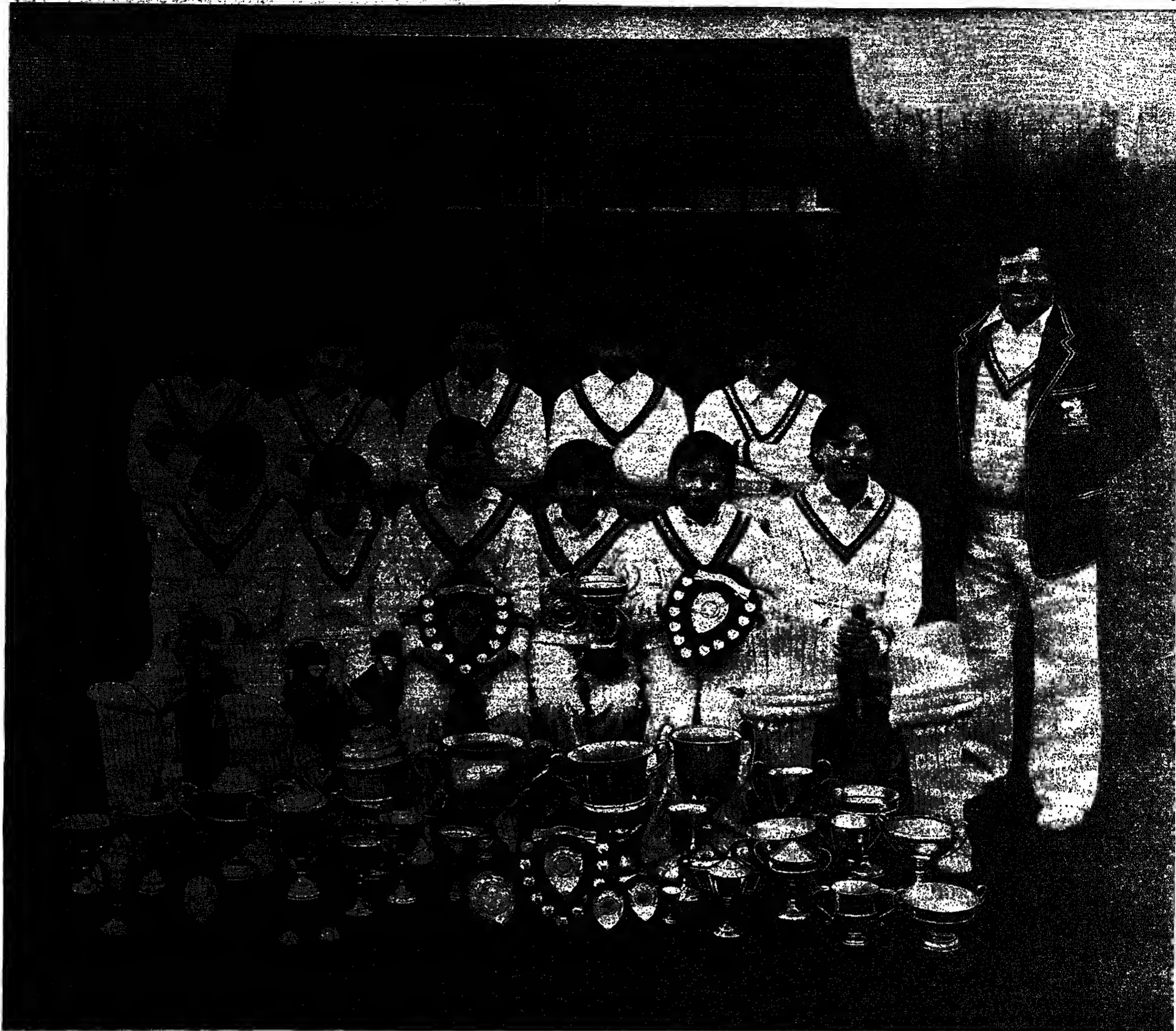
Nevertheless, the debate over the forced pace of Arabisation, which has damaged teaching standards in secondary schools and universities and over the place of Berber, the mother tongue of a fifth of the population, will not be easy.

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Algeria pull  
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## UK NEWS

## Cost of meeting EC water rules by 1995 '£3bn'

By Our Political Editor

CONSUMERS would have to meet a bill of nearly £3bn if the privatised water industry was to comply by 1995 with European Community standards, the Government warned yesterday.

Mr Nicholas Ridley, Environment Secretary, said in the House of Commons that the £2bn forecast mentioned by one opposition Labour MP was an underestimate. He added that the cost of the investment "would have to be borne by consumers" as it had nothing to do with the Government's planned sale of the industry.

The Department of Environment said later that it estimated that meeting the EC drinking water rules would cost £1.2bn, raising standards at beaches would cost another £600m and improving sewage treatment would involve spending of £1bn.

This will be in addition to the investment - estimated by some independent studies at £1.5bn - required if the privatised companies switch to water metering for domestic customers.

Mr Ridley said earlier this week that the companies would be allowed to pass on to consumers the cost of metering.

His comments yesterday

came as other senior ministers confirmed that there was growing concern in the Government about its failure to get its case for privatisation of the industry across to the public.

Opinion polls have shown consistently that the water sale is unpopular and in recent weeks it has been dogged by controversy over the implications for prices and for compliance with EC standards.

An EC report earlier this week showed that about a third of Britain's beaches had failed to meet new EC environmental standards although it did show an improvement since 1985.

Mr Michael Howard, the minister responsible for the water sale, responded that the privatisation bill included responsibilities for the new companies "in advance of anything anywhere else in the world."

He added that the improvements could be paid for "in a sensible way over a sensible period."

The Government has declined to forecast likely price rises for water over the next decade, beyond saying that the cost of compliance with the EC would add between 7.5 per cent and 12.5 per cent to prices in real terms.

## Bank insists on need for centralised Stock Exchange

By Nick Bunker

THE BANK of England intervened in the intensifying debate about the future role of the London Stock Exchange yesterday by hinting that it would oppose moves to undermine the exchange as a single centralised market for company securities.

The thrust of its comments were that it wants to see rapid implementation of all-electronic share registration, along the lines of the exchange's proposed Taurus system, as a way of bringing down what it calls the City of London's excessive back-office costs.

Mr Pen Kent, the Bank's associate director responsible

for finance and industry, said it could be "efficient and justifiable" for such a system to be supplied by a single monopoly provider.

In a speech to the annual conference of the National Association of Pension Funds, Mr Kent said London financial markets would suffer if there were "a series of Pyrrhic victories for special interests which make London too complicated, confusing and expensive a place to do business."

His remarks come at a sensitive time for the London market.

Proposed schemes for moving to an all-electronic share

registration system dispensing with share certificates are being debated by a high-powered committee representing the securities industry, institutional investors, share registrars, banks and quoted companies.

The committee was convened after profound disagreements emerged between the various parties about whether or not the exchange should proceed with developing Taurus as a single, centralised system.

Another option would be to give registrars a continuing role in running a decentralised

system of electronic share registers.

Mr Kent said London's arrangements for settlement of equity trading transactions "no longer match up to requirements and risk putting us at a competitive disadvantage internationally."

There was no agreement, however, about a new system, he said, because of conflicts between various interest groups which had a stake in the issue.

"It may be possible to get a satisfactory outcome only if those with a self-interest stand back sufficiently to focus on the larger goal," Mr Kent said.

On the crucial issue of how a new system should be owned and operated Mr Kent said that "an obvious candidate" was the exchange.

"That does not necessarily mean that it should own, direct and administer the system although I suggest the reasons for a change would have to be very compelling."

Mr Kent said he did not have a definite answer to the question of whether there should be competing settlement systems, but significantly he said that "there can be circumstances where a monopoly is efficient and justifiable."

## Technophone to expand with Hong Kong plant

By Terry Dodsworth, Industrial Editor

TECHNOPHONE, the UK's only indigenous mobile telephone maker, plans a large expansion later this year with the start of production at a new Hong Kong plant.

The factory, a joint venture with a local company called Video-Technology, will allow Technophone to diversify into the mass market for fixed car telephones. The company now makes only portable phones.

Mr Nils Martensson, managing director, says that the decision to invest in the factory is aimed at helping the group expand in the US where portables account for only 10 per

cent of total sales.

Mr Martensson says that he eventually wants Technophone to join the top five world manufacturers. Market leaders include Nokia, the Finnish electronics group, Motorola of the US, NEC and Toshiba of Japan, and Novatel, the Canadian group.

Technophone, based at in Surrey, was launched three-and-a-half years ago with \$3.5m of equity. Today it employs about 400 workers, and generated turnover last year of £400m. The group has a manufacturing investment in Australia.

## CBI backs process to clarify bids

By Hazel Duffy

THE governing council of the Confederation of British Industry (CBI) - the employers' organisation - yesterday endorsed recommendations from its Companies Committee to make the takeover process more transparent.

The council, however, was not prepared to back fully the proposal put by Mr John Banham, CBI director-general, that all hostile takeover bids by companies which themselves are bid-proof should be referred automatically to the Monopolies and Mergers Commission, the Government's monopoly watchdog.

This proposal, and others, will be examined in more detail by the influential President's committee, which represents a cross-section of CBI members.

The results will be put to the meeting of the next council in a month's time.

Mr Banham's moves were made after the President's committee had given him a clear indication there was pressure among members for such measures.

The inconclusive outcome of yesterday's meeting reflected the division of opinion among members on whether the CBI should lobby for tougher measures to reduce the vulnerability of British companies to hostile takeover bids from companies outside the European Community.

## All-party support on sell-offs in Belfast

By Charles Hodgson

THE Government's plan to privatise Belfast-based Harland and Wolff shipyard and Short Brothers aerospace company, two of Northern Ireland's largest employers, will today receive the unanimous backing of an all-party Commons committee.

MPs on the House of Commons Select Committee on Trade and Industry will, however, call on the Government to meet a number of conditions prior to the sell-off and maintain some responsibility for the future viability of the companies.

In its report published today on the proposed privatisations, the committee will stress the need for the Government to ensure both companies remain key players in the Northern Ireland economy.

The committee will suggest the Government retains an "ongoing responsibility" for the companies, possibly through a "golden share" or similar arrangement.

The report's unanimous conclusion will be an unexpected boost for the Government in its frequently-criticised moves to privatise the two companies.

While members of the Labour Party are opposed in principle to the privatisations, they recognise that the process has progressed too far to be reversed. They have therefore led demands that the Government should remain involved in the companies' future after

privatisation.

On Harland and Wolff, the committee is expected to urge the Government to reach a speedy solution and to lift its current moratorium on the shipyard's tendering for new orders. Committee members feel that present uncertainty over the yard's future is badly affecting employee morale and leading to layoffs that may affect its future viability.

The committee is also expected to suggest interim Government support for the privatised company so it is not put at a disadvantage in competing for future orders against subsidised rivals. But it is believed to have accepted the Government's argument that the taxpayer should not be expected to bear any future losses incurred by the yard.

The report will stress the importance of Shorts being kept as a single entity, based in Northern Ireland, rejecting separate sell-offs of its various divisions. It will also back the principle of collaboration with other aerospace companies in civil aircraft design.

It will urge the Government to consider launching a bid for Shorts' new £130m contract.

The company is presently seeking partners for the £500m project, which is still in the design stage. The committee will also back a major recapitalisation programme to finance modernisation, which some reports have put at up to £200m.

## SDP surge cuts Tory lead on eve of vote

By Philip Stephens, Political Editor

A STRONG surge in support for the SDP has led to a further significant narrowing in the Conservative Party lead in the Richmond by-election, according to an opinion poll published on the eve of today's vote.

The poll, compiled for Yorkshire Television by Gallup, suggests that Mr William Hague, the Conservative candidate, may see his majority cut to less than 5,000 votes from the massive 19,500 achieved by Sir Leon Brittan at the 1987 general election.

It also indicates that had the two centre parties - the Social and Liberal Democrats led by

Mr Paddy Ashdown and Dr David Owen's SDP - fought the seat jointly they would have comfortably unseated Mr Hague.

Dr Owen said that the result would confirm his party as an established force in national politics and intensify the pressure on Mr Ashdown to agree to electoral pacts between the two parties.

The SLD leader, however, accused Dr Owen of becoming "overexcited" and gave no indication of any shift from his position of refusing any such deals. He added that the SLD's own canvass returns showed it in second place.

The poll, taken at the week-

end, suggests that Mr Mike Potter, the SDP candidate, has overtaken Mrs Barbara Peace of the SLD as the main challenger to Mr Hague, but that the split in the opposition will ensure a narrow Conservative win.

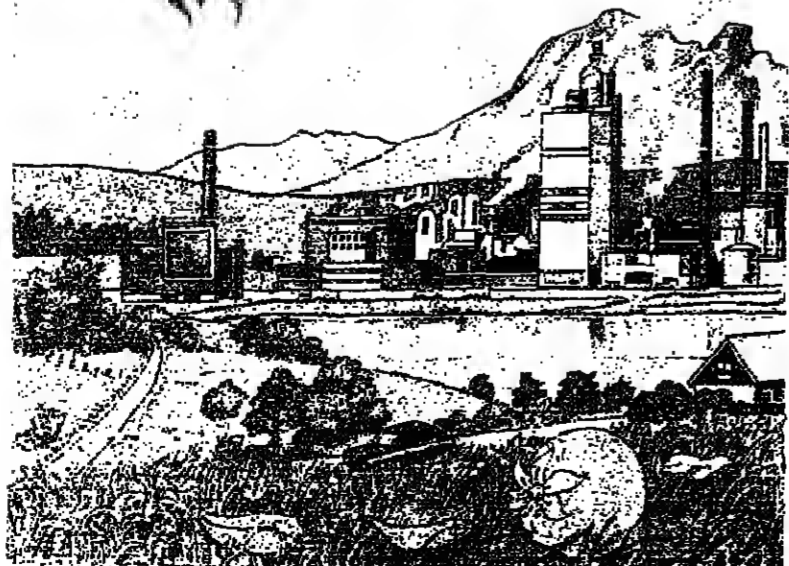
It puts Mr Hague's share of the vote at 41 per cent (down from Sir Leon's 51 per cent in 1987), the SDP at 25 per cent and the SLD at 21 per cent.

Gallup's research also appears to confirm the conclusions of another poll in the constituency earlier this week that the Government's plans to overhaul the National Health

have created considerable unease among voters. The other main issue raised as a matter of concern was the economy, particularly rising inflation and higher mortgage costs.

Meanwhile, Dr Kim Howells, the Labour candidate, remains firm favourite to secure a comfortable victory in today's Pontypriod by-election in Wales.

Opinion polls this week have suggested that he may increase Labour's share of the vote, although a lower turnout might cut the 17,200 majority recorded by Labour at the last general election.



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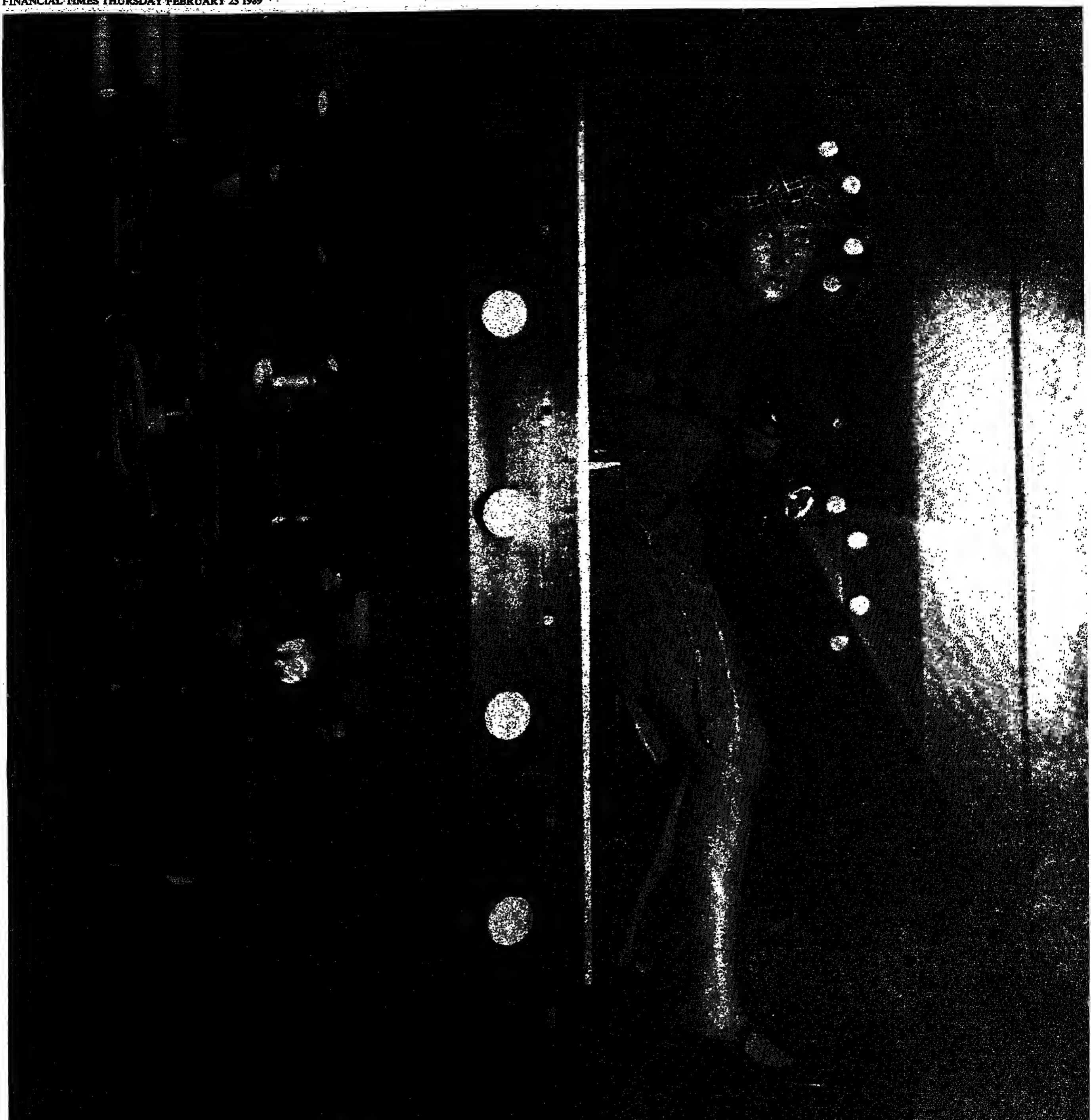


**Dublin air route gets new carrier**  
 By Michael Downes  
 Financial Times Correspondent

**ILG expansion**

**M25 overloading**

**Correction**  
 Michael Page



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# FINANCIAL TIMES SURVEY



The ceasefire in the Gulf War has taken the sting out of Shia radicalism and brought a collective

sigh of relief in Kuwait. Chastened by an earlier financial debacle, the business sector now hopes for an upturn provoked by reconstruction in Iraq, reports Victor Mallet

## A solid stand finally pays off

KUWAITIS sleep more soundly in their beds these days, now that they can no longer hear the nearby sound of warfare between Iraq and Iran, their two overbearing neighbours in the northern Gulf. The ceasefire in August which suspended the war after eight years of fighting is an obvious relief.

For Kuwait, a small but immensely wealthy state of some 2m inhabitants which depends entirely on foreign trade, the most immediate benefit of the ceasefire is the improved security for its imports and oil exports.

After a series of Iranian attacks on merchant shipping going to and from Kuwait in 1986 and 1987, the Kuwaiti Government asked the superpowers for help. Under the most important arrangement 11 Kuwaiti tankers were registered in the US and so earned US naval protection in the Gulf.

This year, in one of the more visible signs of the benefits of the peace, the two governments have said the process is being reversed. Six oil tankers are to revert to the Kuwaiti flag, and the other five are expected eventually to follow suit.

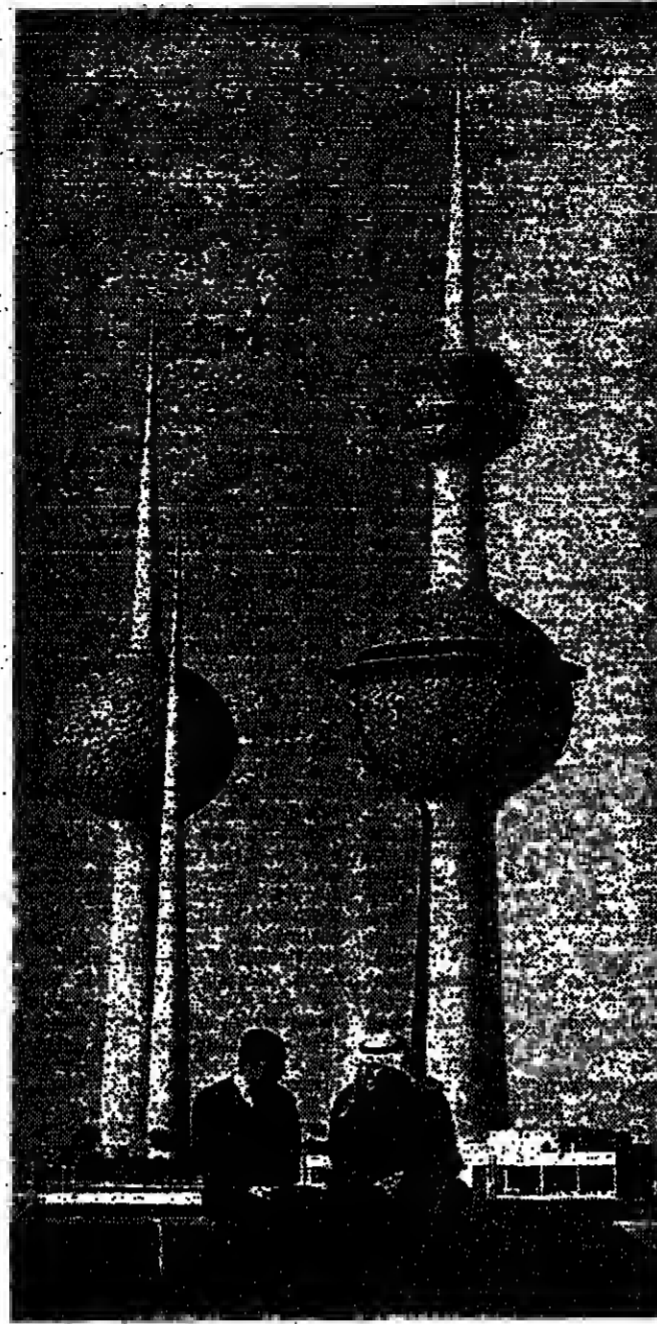
There have been other significant advantages for Kuwait,

from the uneasy peace and the chain of events which led to Iran's acceptance of UN Resolution 598. During the war, Kuwait and its allies in the Gulf Cooperation Council had supported Iraq - a fellow Arab state. They could only be pleased that it was Iran which appeared finally to sue for peace from a position of military weakness.

The threat of an exported Shia revolution from Iran was particularly feared in Kuwait, where Shias make up a substantial proportion of Kuwaiti nationals and where a handful of Shia radicals had already resorted to sabotage.

"There was a moment for me and the Government of taking matters very seriously," says Sheikh Salem al-Sabah al-Salem al-Sabah, the Interior Minister. "Now things are relaxed, there is no tight security - the reports I get have nothing worth mentioning to the Prime Minister or the Emir - maybe a suicide or another social problem."

Shias may still find it difficult to get sensitive jobs in the administration, but the tension has eased. This month Kuwait disclosed that it had freed and deported two of the 17 pro-Iranian militants jailed for their part in a wave of bombings in 1983. Both had served their five



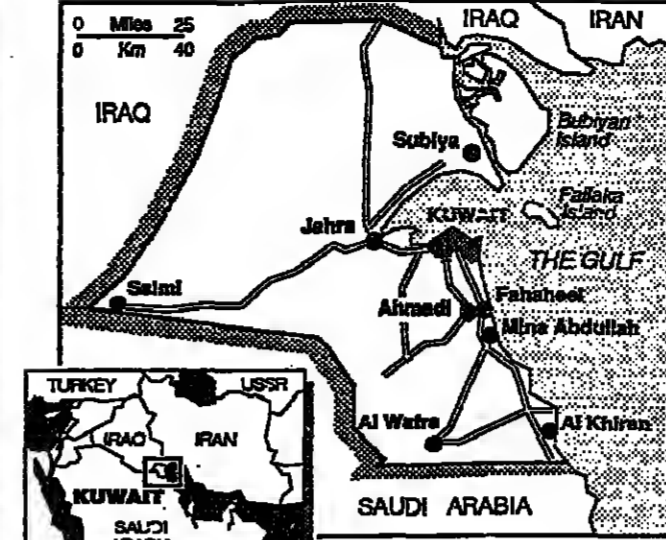
year prison sentences. Hijackers of a Kuwaiti jumbo jet in April last year demanded the release of the 17, and two Kuwaiti passengers were killed. Kuwait stood firm and says it made no concessions.

Paradoxically it is now Iraq, supported by Kuwait and Saudi Arabia during the Gulf War to the tune of more than \$35bn, which is once again regarded as a threat by many Kuwaitis. Iraq has a long-standing claim to parts of Kuwait territory, and Iraqi troops are said to have crossed illegally into Kuwait at least once after the suspension of hostilities with Iran.

Since its full independence from Britain in 1961 Kuwait has skillfully endured the jostlings of its much larger neighbours - including Saudi Arabia - by diplomacy rather than by force of arms. Kuwaiti leaders have seized on the ceasefire as a chance to settle the border dispute with Iraq once and for all. Sheikh Saad al-Abdullah al-Salem al-Sabah, the Crown Prince and Prime Minister, went to Baghdad this month in an effort to resolve the dispute, but he returned without an agreement.

At home the Emir, Sheikh Jaber al-Ahmad al-Sabah, has emphasised Kuwait's determination to keep and develop its underpopulated but oil-rich northern lands by making a well-publicised visit to the area to endorse the establishment of a new town at Subiya.

In the meantime, Kuwaiti officials are all too aware that



The Kuwait Towers in the capital, Kuwait City (left) and the ruler of the state, the Emir, Sheikh Jaber al-Ahmad al-Sabah



## KUWAIT

the Gulf War is suspended rather than permanently resolved. "It is a ceasefire, not an end of war," says Mr Saud Mohammed al-Osaimi, Minister of State for Foreign Affairs. "It will not be easy for them to come to an agreement in one month or even in one year."

To deter any incursions, Kuwait last year decided to modernise its armed forces and agreed to buy \$1.9bn-worth of F-16 jets and Maverick missiles from the US.

In one important respect the ceasefire failed to fulfil early Kuwaiti expectations. Entrepreneurs had hoped for a much needed surge in non-oil business based on reconstruction in Iraq and even Iran after the war. But the boom has so far failed to materialise, leaving

traders with unwanted stocks and Kuwaiti ports still working well below capacity.

Although Kuwait leapt into the industrial revolution and plunged straight into the age of high technology on the strength of its oil revenues, the country cannot avoid feeling some of the twinges associated with economic adjustment. The exceptionally generous welfare state, which provides free schooling, free health care, subsidised housing and cheap electricity for Kuwait citizens, encourages large families.

Kuwait's population is therefore growing at one of the fastest rates in the world, and oil prices are not as high as they once were, causing per capita income to decline to unfamiliarly moderate levels.

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Key Facts	
Head of state: Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah	Merchandise imports: \$4,769m
Area: 17,818 sq km	Trade balance: \$3,545m
Population: 1.57m	Current account balance: \$4,414m
GDP per capita: \$10,000 (est)	Principal trading partners:
Inflation: 9.6%	Exports (%): Japan 19.8
Currency: 100 fils = 10 dirhams	Italy 10.8; Netherlands 9.3
= 1 Kuwaiti dinar (KD)	Singapore 8.1
Exchange rate: \$ = KD 0.288,	Imports (%): Japan 20; US 11.8; West Germany 9.4;
£ = KD 0.503 (Feb 1988)	UK 8.5
Merchandise exports: \$8,315m	
Oil export revenues: \$4,567m	

\* All figures 1987

If the expatriates who make up 60 per cent of the population are included, per capita gross domestic product has been halved over the years to around \$10,000. Kuwaitis are not excessively flamboyant, but they are accustomed to living in comfort. Economists say that personal indebtedness is on the increase.

Unemployment is just beginning to emerge as a problem as more Kuwaitis complete their higher education. Government officials are concerned that only about half the annual output of 2,500 graduates are finding jobs. Foreign workers, especially the many skilled Palestinian administrators, are beginning to feel the pinch as the Government promotes the interests of Kuwaiti nationals.

Kuwait's economic maturity and the completion of most of its basic modern infrastructure has revived the debate about long-term planning. Broadly Kuwaitis can be divided into two camps - the developers and the merchant-financiers. The developers believe that jobs can and should be created at home by investing in local industry. The financiers insist that it is pointless to spend money on projects with low rates of return, however worthy, when there are better profits to be made on the London stock market.

At home the Kuwaiti financial system is still digesting the disastrous effects of the crash of the unofficial Souk al-Manakh stock market in 1982. Abroad, however, Kuwait seems to have been remarkably successful in investing its oil revenues.

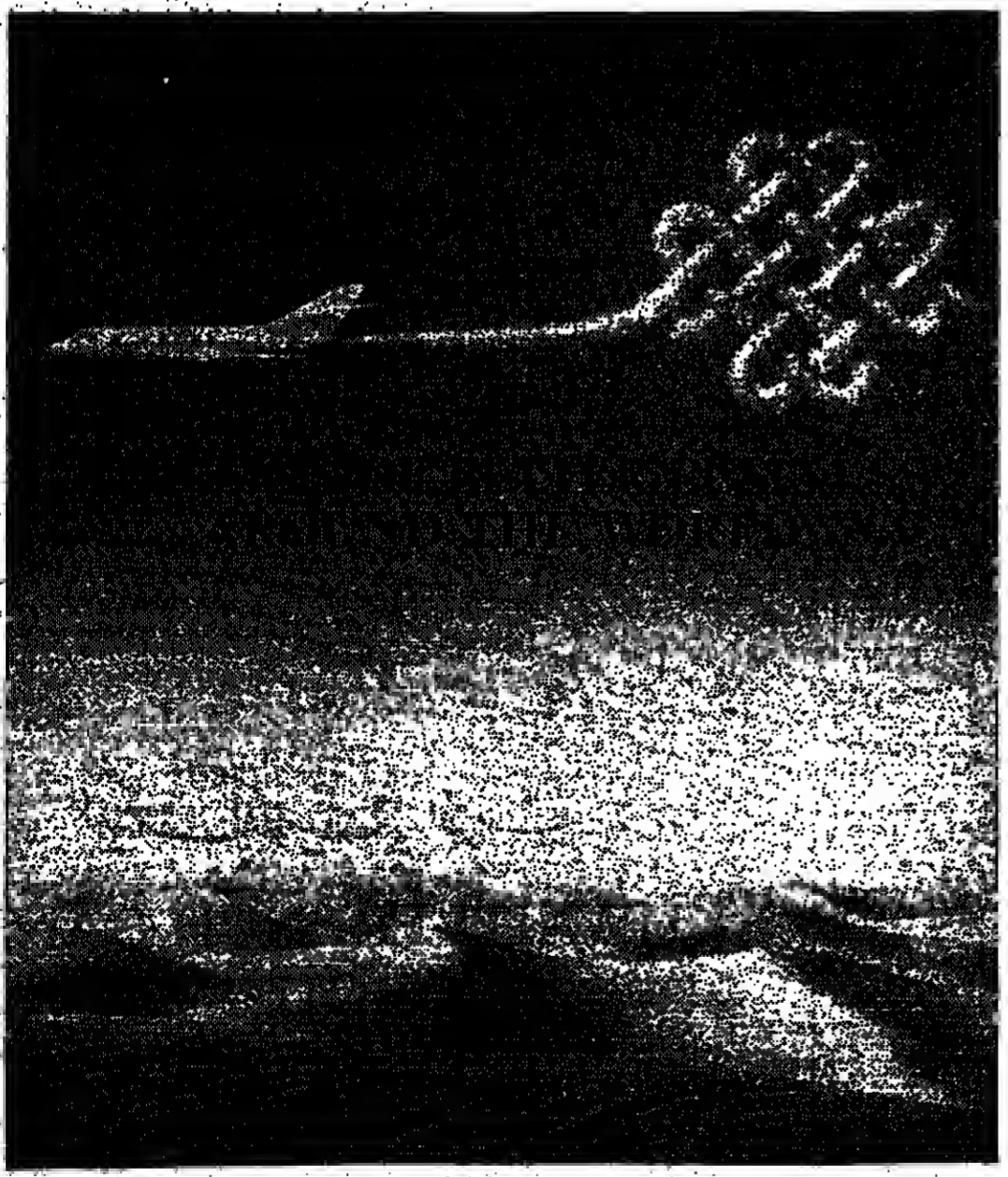
Suffice it to say that investment income is now roughly on a par with oil exports as a source of foreign revenue, protecting Kuwait from any sharp fall in oil prices. Kuwait has about \$100bn in reserves, with perhaps two thirds of it in high-quality assets of the Reserve Fund for Future Generations managed by the Kuwait Investment Office in London.

Indeed the KIO is financially so powerful that it is likely to have to tread carefully to avoid a repetition of the recent row with Britain over British Petroleum. The KIO bought heavily into the flopped privatisation issue of BP shares after the world equity market collapse of 1987, raising its stake in the company to more than 30 per cent and antagonising the British Government. A satisfactory compromise allowing BP to buy back shares was eventually agreed, leaving Kuwait with a handsome profit.

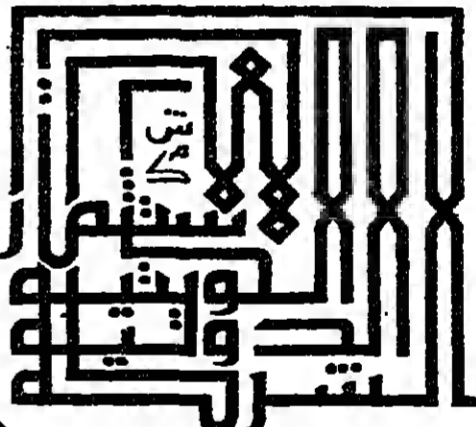
Politically, Kuwait is one of the more developed Gulf states, although its previous experiments with western-style democracy have all foundered. Recently former members of parliament have tried to set up a "committee for the defence of the constitution", and have launched the latest in a series of petitions asking for the restoration of the national assembly.

Most of Kuwait's inhabitants respect the ruling al-Sabah family, particularly the Emir, and many of them believe that the previous assembly was simply too outspoken in its criticisms of the traditional leadership. The Emir has made no promises, but it is thought that he may eventually allow the creation of a new assembly, possibly one with limited powers and a number of appointed members. Before then the strict censorship of the local media is likely to be eased.

Whatever the future of Kuwaiti domestic politics, the country's rulers are unlikely to be able to relax completely as a result of the Gulf War ceasefire. Kuwaitis will continue to deploy their oil wealth and diplomatic skills for their difficult balancing act in the turmoil of the northern Gulf.



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KUWAIT 2

The economy faces a period of readjustment

Crude realities

IT IS commonplace to say that most countries would love to have Kuwait's economic problems. You can still choose caviar at the local supermarket.

Even if oil prices fall sharply, Kuwait has sensibly insulated itself by shifting the emphasis of exports from crude oil to refined products, and by investing heavily in non-oil assets overseas.

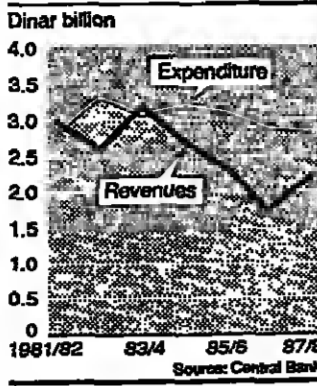
Furthermore, Kuwait has been dealing with the aftermath of the multi-billion dollar 1982 crash of the unofficial stock market, the Souk al-Manakh, by propping up banks crippled by bad debts.

After recently improved oil prices and the Gulf War ceasefire in August last year the business sector hoped for a boom based on reconstruction in Iraq and on the use of Kuwait and its ports as an entrepot for non-oil trade.

With some Iraqi commercial debt still outstanding from before the war, little credit is available for supplies to Iraq. There have been suggestions that the Government would help fund Iraqi reconstruction carried out by Kuwaiti enterprises, but six months after the ceasefire some merchants are said to have been left holding costly stocks of vehicles and building materials.

Many businessmen, economists and consultants are in a sombre mood, for without the opportunities abroad there seems little scope for private sector expansion at home. Part of the problem, they say, lies in the limits imposed by a small population and the even smaller number of people who display the capacity for hard work which characterises the populations of, for example, South East Asia.

Public finance



Source: Central Bank

and only 144,000 actually work, and 95 per cent of them choose to work in the public sector under a law passed in the early 1960s which entitles every Kuwaiti citizen to a job in the government.

Nine out of 10 of those working in the private sector are foreigners, other Arab nationals and Asians for the most part, who do not own companies and therefore cannot dictate policies. Kuwaiti nationals in the private sector number only some 8,000.

"You cannot create self-sustaining growth in such a tiny state," notes economist Mr Jassem al-Sadoun. "You can do it short-term with surplus oil revenues but not long-term."

Long-term opportunities, some observers think, can only come with the creation of a wider market within which Kuwait's private sector can become self-sustaining. Thoughts turn to the six-state Gulf Co-operation Council, consisting of Kuwait, Bahrain, Oman, Qatar, Saudi Arabia and the UAE.

Other observers, however, resent the notion that Kuwait cannot of itself become a self-sustaining commercial and financial entity, insisting the Government has only to provide the incentives and improve the quality of planning and administration.

One does not have to go far to find indications of the private sector's difficulties. Office rents in central Kuwait are already low compared with the rentals expected when buildings were commissioned. In one seven-storey building the

rent expected was KD 12 per square metre. Space went for KD 8 when the building was finished in 1983; the going rate is now KD 4.5, and demand is still slack.

Average hotel occupancy rates in Kuwait's six five-star hotels, a reliable barometer of business activity, were only 42 per cent last year; the break-even point is put at 55 per cent.

The outlook is not entirely bleak for contractors. Construction activity continues despite empty office space in the centre of the capital. And with the population rising fast, the Government is planning to build a new town for 100,000 at Subiya in the north. A project is being mooted to build a \$1bn causeway across the Bay of Kuwait to link the town to Kuwait City, and contracts are to be awarded this year for the 2,400MW Subiya power station.

Taken as a whole, the Kuwaiti economy has continued to recover from the recession of the mid-1980s, largely because of higher oil prices. The National Bank of Kuwait estimates that overall gross domestic product growth in 1988, could be about 3.5 per cent, compared with 5.3 per cent in 1987 and a decline of 15.6 per cent in 1986.

Higher oil revenue also helped to halve the projected 1987-88 budget deficit to an actual figure of KD 778m, but the persistent annual shortfall remains a nagging concern for the Government. The official forecast for the 1988-89 deficit is KD 1.3bn. For its citizens, Kuwait is one of the world's most generous and tax-free welfare societies, but even here can be heard the first mutterings of the word "austerity".

It may be a drop in the ocean as far as total Government revenue is concerned - 85 per cent of revenue comes from hydrocarbons - but from April the authorities plan to charge a KD 2 airport tax. Still anxious not to talk about new taxes, like US President George Bush, the Government is certainly thinking about "user fees" for public services.

"We have to face reality," says Sheikh Salem Abdul-Aziz al-Sabah, governor of the Central Bank of Kuwait. "We don't have to reach a balanced budget in a very short time, but we do have to start improving the deficit, by playing both

sides - expenditure and revenue. We want to reduce the burden on the General Reserve which comes from the budget deficit. The General Reserve is financing the deficit," he says.

In some ways the problem is more severe than it appears, partly because of the effect of "off budget" items of expenditure, including the KD 1.5bn set aside for arms purchases, and partly because of the liquid state of much of the General Reserve. Theoretically distinct from the much bigger Reserve Fund for Future Generations (RFFG), the General Reserve of perhaps \$30bn includes lending to Iraq and other loans which are unlikely to be repaid.

In other ways the hudgetary situation is much better than it seems: the annual outlay of 10 per cent of revenues for the RFFG is included in the budget spending figures, but investment income is not included in the receipts.

To ease the pressure on reserves Kuwait has started to borrow on the local dinar market through treasury bills and bonds, up to a limit of KD 1.4bn, a ceiling expected to be doubled shortly. The issue of these debt instruments, in which Kuwait has led the way among the Gulf states, gives the central bank the flexibility it needs to fine-tune fiscal and monetary policy.

In the meantime Kuwait has again temporarily stopped foreign borrowers from marketing new KD bonds, and the last such transactions took place in 1987, when Finland and the World Bank both tapped the Kuwaiti market. "If we maintain the deficit, I rather prefer that the KDs be directed to finance the government deficit," says Sheikh Salem.

The central bank had to act swiftly at the end of last year to stem a flight of Kuwaiti capital into foreign currency deposits which were offering much more favourable rates of interest than those at home. The discount rate was raised to 7.5 per cent from 6 per cent, and the measure appears to be having the desired effect.

As Kuwait approaches the 1990s, it is not the thriving regional financial centre that it would like to be. But it does seem finally to be overcoming the chastening effects of the Souk al-Manakh crash. A firm oil market and a consolidation of the Gulf War ceasefire would quickly turn the present caution of the business community into outright optimism.

Victor Mallet and Robin Allen

WITH THE notable exception of National Bank of Kuwait, an institution of high international repute and in large measure its own, the performance of the country's commercial and investment banks is still overshadowed by the so-called Difficult Credit Facilities Settlement Programme.

The Programme, initiated in August 1986, is an euphemism for the bailing out of most of the private sector by rescheduling net outstanding debts of some KD 5bn.

This refers to the 1982 fiasco of the Souk al-Manakh, a multi-story carpark which housed the casino known as the unofficial stock exchange. The exchange collapsed from wild speculation on a system of illegal, but officially tolerated, "evergreen" post-dated cheques, leaving behind total gross indebtedness of some KD 20bn.

Despite official assertions to the contrary, the Manakh disaster continues to plague the commercial banking system and the entire private sector.

The Settlements Programme was simply the lowest common denominator whereby players could be held in some measure responsible for their own indebtedness, thereby salvaging some of Kuwait's reputation in the international community with a solution that caused minimum social and economic dislocation at home.

Under the programme, commercial banks, the central bank and individual debtors are all called on to make sacrifices. The country's commercial banks - except NBK - are on a life-support system courtesy of the State of Kuwait. The central bank has guaranteed the net worth - assets minus liabilities - as well as the deposits of all the country's commercial and investment banks.

Since 1986 the central bank has pumped more than KD 50bn in low-interest and interest-free deposits to banks unable to meet the stringent loan-loss provisions. In return banks have to meet central bank requirements over rescheduling their debts, and obey another, unwritten, rule that they should make a reasonable return on shareholders' funds.

Financial statements, including levels of profits and dividends, are prepared "in accordance with the instructions of the Central Bank of Kuwait." This phraseology is now a standard part of the footnotes in auditors' reports. Any shortfall between the specific provisions for bad debts made by a

Robin Allen on a troubled banking sector

Costly operation that has left deep scars

bank and those required by the central bank are covered out of future years' earnings.

According to the central bank governor, Sheikh Salem Abdul-Aziz al-Sabah, who is widely credited with having authored the programme, there were 2,408 debtors at the beginning of this year claiming to have repayment difficulties, but only 1,236, with debts of KD 2.06 billion, whose difficulties were considered genuine. By the beginning of this month, 1,422 had made rescheduling arrangements satisfactory to the central bank, and only 13 were said to be "not co-operating." These were being taken to court.

Within the rarefied atmosphere of the central bank, the country's commercial banking system can continue its slow recovery, with banks' financial statements carrying all the conviction of medical bulletins from doctors hoping for the best for their patients. Apart from NBK, which has never been in "hospital", one other bank is reportedly about to be discharged.

But the debt figure of more than KD 2bn still represents nearly half of the commercial bank loans to the private sector.

Of the other half, a large proportion is on the books of NBK, which is widely reckoned to have an unusually clean balance sheet. The other five commercial banks are Alahli Bank, Bank of Kuwait and the Middle East, Burgan, Commercial Bank of Kuwait, and Gulf Bank.

Sheikh Salem points out with some justice that it is not the scale of indebtedness that matters so much as the fact that it is fully covered. "Whenever a loan is classified for more than one year, there has to be 100 per cent provision," he said last month in a bulletin of all the country's banks, aggregate activity showed steady growth in 1988 with total assets increasing 6.4 per cent by the end of June.



Sheikh Salem

to the central bank the latter had increased to KD 2,586m by September from KD 2,40m in January 1988, while the former had already grown to 2,268m from KD 2,52m the previous January.

By June the Government had borrowed KD 1,294m to cover the budget deficit. Some KD 770m was in the form of 91-day Treasury bills and the balance in 17 year Treasury bonds. The 1988-89 deficit, according to Sheikh Salem, will be met in similar fashion.

The issuing of T-bills and bonds was widely welcomed by the commercial banks. It injected a measure of extra liquidity into the system, although NBK was already very liquid - and provided commercial banks with a secondary market in debt paper at the same time as it gave the central bank a greater hold on monetary stability.

In December the central bank again had to intervene, this time to stop the outflow of private capital. It increased to 7.5 per cent the rate for dis-

counting commercial bank trade bills. Previously the discount rate had not been used to control liquidity; now it was being linked with the interest rate structure as a whole so that the rates at which banks lend is tied in to the discount rate.

NBK alone gives the impression of fulfilling all the three criteria by which a bank's performance can be assessed: strength of capital and reserves, particularly inner reserves; quality management which is allowed to get on with its job by a hands-off board and the implementation of a coherent and successful strategy to build solid overseas operations on behalf of its essentially Kuwaiti and regional Arab customers.

Within the confines of the Government's support system, other banks have either recorded or are expected to report increased profits for 1988.

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STOCK MARKET

Moribund index

"THE STOCK market is being destroyed," cried a headline in the leader column of the local English-language daily Arab Times in January. The article, signed by Mr Ahmed al-Jarallah, the paper's editor-in-chief, talked of an unnamed few manipulating the market where, he said, "the value of shares is good but this does not mean there is any trading."

Not many would agree - at least not with the first part of the statement. The market has barely moved 1 per cent overall in the past year, and is almost moribund. But if the present scenario continued, in Mr al-Jarallah's opinion, "the treasury will have to pay."

Mr al-Jarallah is not alone in his criticisms. "The stock market does not reflect business activity," commented Mr Jassem al-Sadoun, a respected economist in Kuwait.

Indeed the stock market, housed in a Pantheon of black marble in Kuwait's central business district, reflects the extent of the private sector's dependence on Government support for its survival. The Government, through the Kuwait Investment Authority, owns more than 50 per cent of all the shares. Seventy per cent of all daily trading is in six bank stocks - out of a total of 42 quoted companies. Only one of these banks, National Bank of Kuwait, stands on its own feet, a symbol of what the rest of the Kuwait private sector only hopes to achieve.

"Real profitability, rather than simply the moving of assets, is non-existent in the Kuwait private sector," said one local consultant dismissively. He and others like him had warned against over-optimism as the stock market flared up briefly in the wake of the Iranian acceptance of a ceasefire in the Gulf War. And as though to underline their point, the surge had fizzled out within a week.

As a barometer of economic health, let alone as a source of new money, the stock market is at best of marginal value. But it carries on, and indeed the day may well come when the Government can get out of the market - as it would like to - without causing the edifice to collapse.

"The KIA has assured the stock exchange they will not dump shares but will sell according to a specific programme," Mr Elsham al-Oteibi, the exchange's director-general, said earlier this month.

To be listed, Kuwaiti or Gulf companies need to produce audited figures going back at



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**KUWAIT 3**

**Victor Mallet on a bullish investment policy**

**A victim of success**

ONE BATTLE is over, for the time being at least. At the end of January shareholders in British Petroleum approved a management plan to buy back £2.4bn worth of BP shares from the Kuwait Investment Office (KIO). Thus having Kuwait's stake in Britain's biggest company add ending a period of somewhat strained relations between the two countries.

But the much larger question of how Kuwait intends to behave in the future as an international investor with enormous resources remains unanswered.

Sheikh Ali Khalifa al-Sabah, the Oil Minister and the man widely believed to be behind the KIO decision to lift its BP stake as high as 27 per cent, is understood to be outraged by the British order last year that the KIO should cut its holding to 9.9 per cent, but pleased that the KIO was seen to have made a profit of some £200m in the final deal.

Kuwait officials point out that the KIO was operating within the law and according to free market principles. It mopped up BP shares after the British Government decided to privatise its remaining 31.5 per cent BP stake despite the stock market crash of October 1987.

Sheikh Ali appears to support the relatively aggressive stance recently taken by the KIO in Britain and Spain, insisting that unwritten rules are no rules at all and that Kuwait should be able to act like any other investor.

"The only rules we know are the rules that are published and passed by the appropriate authorities," he says. "BP is a special situation because of the flotation, and if a chance of a repetition occurs we will do it, unless there is specifically a law to prevent us from doing it."

Sheikh Ali's critics abroad and in Kuwait, however, believe that such a direct approach may bring short-term investment gains only at the expense of Kuwait's long-term interests.

In some ways Kuwait is the victim of its own success. Instead of spending all its excess oil revenues on white elephant industrialisation projects in the desert, it put them aside as reserves, investing across the globe from Japan and Singapore to the US, Canada and Europe.

ments - varying according to the state of the world's equity and other markets - is estimated at more than \$100bn. Roughly two-thirds of it belongs to the Reserve Fund for Future Generations (the RFFG), which is not supposed to be used until 2001 or beyond, and the rest makes up the General Reserve (much of it in illiquid assets, including loans to Iraq).

The London-based KIO has its origins in the Kuwait Investment Office of the 1960s, and is thought to manage most of the RFFG.

The Kuwait Investment Authority (KIA) is based in Kuwait City and is said to manage much of the General Reserve, although its functions overlap with those of the KIO. It was set up only in the 1980s, in an apparently vain attempt to exert some central control over the KIO. Officially, the KIO is now no more than an arm of the KIA.

Kuwait's policies have paid off handsomely in a period of low oil prices, providing the country with a measure of financial stability which must be envied by other mono-commodity exporters. In 1986, and probably again last year, investment income overtook oil as a source of foreign earnings.

But the funds available to the KIO are now so large that it is becoming increasingly difficult for the organisation to act without making waves or arousing anti-Arab sentiment in the countries where it operates.

Spain has been a recent target. Acting largely through Turras Hostench, a paper company, the KIO has acquired a portfolio worth well over \$1bn over the past five years. Sheikh Ali says the KIO has received the support of Spanish Government officials, although he accepts that KIO activities in a

limited market such as Spain are bound to lead to a certain amount of stepping on Spanish toes.

Outside Kuwait there is inevitably resentment of Kuwait's financial muscle and of the KIO's tax-free status in London as a sovereign body. There is also suspicion - however much Kuwait insists that its only concern is financial gain - about the motives of the state investment bodies of an OPEC member, especially when they are buying offshore assets such as BP. The KIO and the KIA are secretive, and the dividing line between various Kuwaiti Government reserves and sources of income is hazy. Sheikh Ali is Chairman of the Kuwait Petroleum Corporation as well as a member of the KIA board.

Not all Kuwaitis share his views on investment policy. Mr Jassem al-Kharafi, the Finance Minister, believes that the KIO should not be investing in oil - which Kuwait has in abundance - but diversifying the country's holdings into other assets.

Amid growing anxiety about the KIO's unfettered stock market forays, a three-man committee was put to work last year to define the rules of engagement for the KIO and the KIA, although Sheikh Ali says the KIO "still has a lot of independence".

Above all the fear is that the high profile recently taken by the KIO will restrict its freedom of action in the future. Mr Jassem al-Sadoun, a leading economist, calculates in any case that the entire BP deal constituted a book loss for the KIO at the end of last year, largely because of the low price of the shares making up the 9.9 per cent retained by Kuwait.

He is particularly concerned about political damage. "We should be very cautious because our investment everywhere could be under a certain risk," he says. "Since British acted against Kuwait, the same could be done anywhere else."

At one point in the BP saga, when it seemed that Britain would force Kuwait to sell off its shares within a year at a substantial loss, Sheikh Ali's political position in Kuwait was regarded as vulnerable. Now there is a feeling that he won a difficult contest of nerves. It is unlikely to be his or Kuwait's last investment battle.

KUWAIT, with its 94bn barrels of crude oil making up the world's third largest reserves, has adopted an aggressive strategy to manage and market its production. The state-owned Kuwait Petroleum Corporation (KPC) has steadily increased its output of refined products and made inroads into downstream international marketing.

Kuwait's production quota within the Organisation of Petroleum Exporting Countries (OPEC) is just over 1m barrels per day (b/d), of which about 600,000 b/d can be exported from Kuwait's three modernised refineries as value-added refined product. A further two refineries in Europe, one in Denmark and one in the Netherlands, add another 130,000 b/d.

KPC is planning to double its own share in overall downstream sales from the current level of 250,000 b/d. KPC officials are looking for new outlets outside Europe, where the Q8 (pronounced Kuwait) brand of petrol stations has become familiar. They have said they are looking towards the Far East markets and eventually the US.

But despite widespread admiration of KPC's independent downstream expansion - it has eschewed joint ventures - there are doubters in Kuwait who feel that KPC has bought less than glittering downstream retail assets while western oil companies move into more profitable sectors such as chemicals.

Sheikh Ali Khalifa al-Sabah, the Oil Minister and chairman of KPC, rejects such criticisms and denies that Kuwait has been taken for a ride. "We haven't paid very much for our downstream assets," he says. "We have taken operations that we think are economic and have proven them to be financially successful."

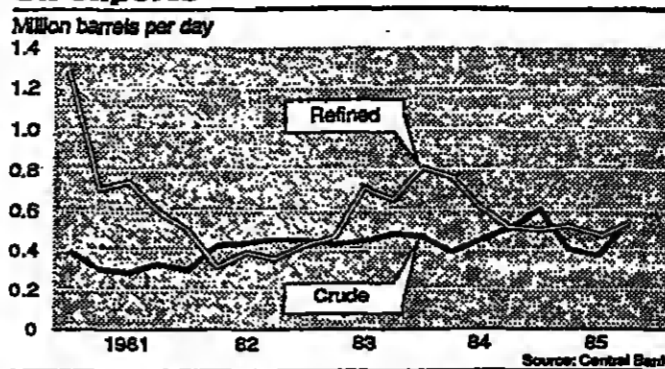
"We will try to consolidate, strengthening ourselves in markets where we are weak or even going out of markets where there is no chance of building up to a sufficient share," he says. "One way or another we will be going to the Far East. It's more difficult to break into that market but we will do it. If we consolidate in Europe and establish ourselves in the Far East we might even consider the US - but that is a bit too far ahead."

The downstream network is seen in Kuwait as particularly important for strategic purposes, because it makes the country less vulnerable to crude oil price volatility and to the whims of customers. The idea, says Sheikh Ali, is to avoid dependence on any

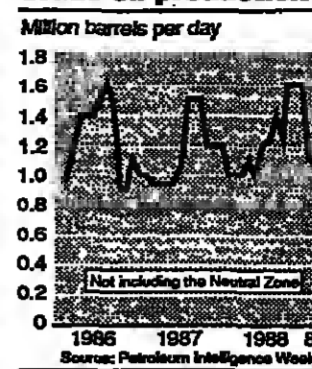
**OIL**

**Q8 looks to the Far East**

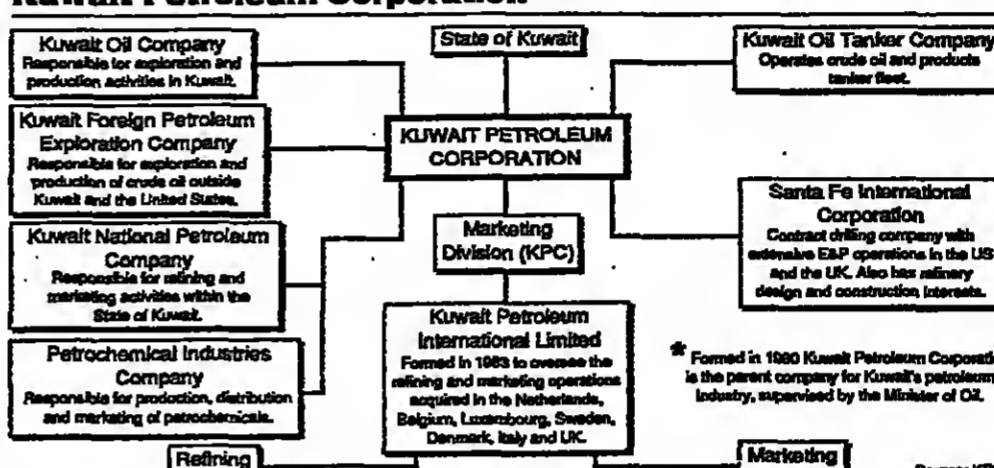
**Oil exports**



**Crude oil production**



**Kuwait Petroleum Corporation**



buyer of crude. "If the worst comes to the worst we put it through our system." One dilemma facing KPC is the possible conflict of interest between future downstream expansion and adherence to the Opec quota, although KPC

can and does routinely use non-Kuwaiti crude in the European network run by its subsidiary Kuwait Petroleum International.

On the upstream exploration side, KPC became embroiled in controversy over its purchase

in 1981 of Santa Fe International Corp, the US-based contract drilling, oil exploration and process engineering company. The price tag, at \$2.5bn, was considered by many observers to be much too high, and there are those who ques-

**Cautious industrial expansion**

KUWAIT IS going ahead with a project worth about \$140m to build a polypropylene plant in the Shuaiba industrial zone, using propylene gas from the refinery at Mina al-Ahmedi. Polypropylene is used for woven sacks and a range of other products from plastic crates to ball-point pens.

So far, Kuwait, with understandable caution, has resisted the temptation to spend its oil revenues on massive industrial projects at home, preferring the higher rates of return available from investments abroad.

Petrochemical Industries Company, a subsidiary of the state-owned Kuwait Petroleum Corporation, has hitherto concentrated on fertiliser production, both in Kuwait and through joint ventures in Bahrain, Tunisia, Turkey and China. PIC is also responsible for salt and chlorine plants.

With the fertiliser market depressed and gas sometimes in short supply in the past - a pipeline from Iraq was completed in 1986 - the fertiliser operation in Kuwait has been running well below capacity, according to KPC officials. Latest PIC figures for the 1987 financial year show an accumulated loss of KD 41m, more than double the figure the previous year.

But Sheikh Ali Khalifa al-Sabah, the Oil Minister and chairman of KPC, says that PIC is profitable now after a period of expensive restructuring and difficulties caused by the Gulf War, which was suspended by last year's ceasefire.

"Now there is no problem," he says. "Over the last couple of years, we have spent a lot of sweat and blood on KPC subsidiaries making them turn around."

tion whether KPC, which also explores and produces outside Kuwait through the Kuwait Foreign Petroleum Exploration Company, needs to find any more oil in the North Sea, Egypt or China.

"To engage all those funds in not-so-promising areas for the purpose of exploration of crudes that would compete with our crudes and other Opec crudes when we have the third largest reserves in the world makes no sense," says one prominent Kuwaiti critic of KPC's upstream operations.

Kuwait was one of the founding members of Opec in 1960 and has been closely involved in the organisation ever since. Kuwait was once one of the oil price "hawks", although in recent years Sheikh Ali has been one of the leading proponents of price moderation based on quotas which are not over-stringent - but which should be properly obeyed.

In April 1988, when the idea of a reduction in production once more gained momentum, Sheikh Ali requested a definition of production and of condensates.

"We have to agree on what we are cutting," Sheikh Ali said in Vienna, warning that "the apparent is collapsing under its weight of contradictions."

By announcing to the world that there are plenty of oil supplies - but that demand is improving and Opec is producing much closer to capacity than generally believed - Sheikh Ali is aiming for firm but not soaring prices. He says Opec production is not far off the agreed level of 18.5m b/d, and he expects prices to stabilise in the coming months around the proposed Opec level of \$18 a barrel.

It was in the 1930s that the then Kuwaiti ruler, Sheikh Ahmad al-Jaber, signed an agreement that gave the two old competitors and new partners in the Kuwait Oil Company - the Anglo-Persian Oil Company (later British Petroleum) and Gulf Oil Corporation - exclusive exploration and production rights of oil in Kuwait territory for 75 years. The first shipment of exported oil left Kuwait in 1946.

In 1975 KOC was nationalised, and five years later KPC was founded to consolidate all oil and hydrocarbon industry activities under one roof.

At current rates of production, the oil which has transformed Kuwait into a modern state with international financial muscle will last for more than two centuries.

Hafsa Khalafallah and Victor Mallet

**FORESIGHT**



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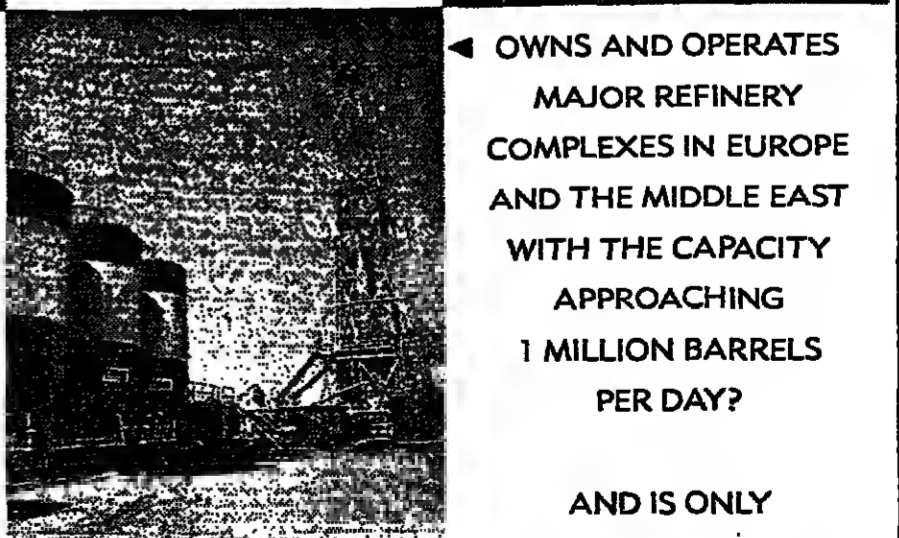
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**Kuwait Petroleum Corporation**

**KUWAIT 4**

Victor Mallet on the worrying imbalance in the labour market

**Foreigners feel the pinch**

FOR YEARS the Gulf states have talked of reducing their dependence on immigrant workers - the millions of Arabs, Asians and westerners who have helped to establish and run the region's modern industries and services in exchange for a share of the oil wealth.

In Kuwait, the process known as the "Kuwaitisation" of the workforce appears finally to be gathering steam, encouraged by the completion of many infrastructure projects and the first signs of an unemployment problem among Kuwaiti graduates.

It can only be a slow process. At present 60 per cent of Kuwait's population of just under 2m are foreigners, and the non-Kuwaitis make up no less than 83 per cent of the total workforce. In some sectors, such as construction and manufacturing, virtually all workers are foreign.

Immigrant manual labourers and domestic servants, many of them from Asia, will probably always be in demand. Few of Kuwait's wealthy citizens favour such jobs. But foreigners with skills shared by up and coming young Kuwaitis are beginning to feel the pinch. Officially all Kuwaitis are entitled to work.

Foremost among the victims are the 300,000 or so Palestinians, the second largest community in the country after the Kuwaitis themselves. Driven from their homeland

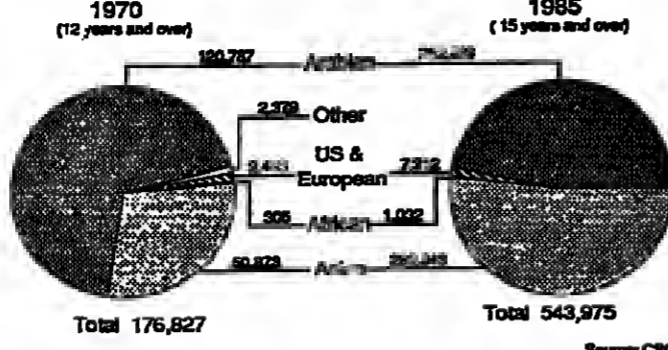
after 1948, many have spent their lives in Kuwait, working in government and in the private sector as doctors, diplomats, economists and professors. With the exception of a handful who have been granted Kuwaiti citizenship, they must often leave the country unwillingly within weeks of retiring. Some manage to obtain US or Canadian passports. Others go to Jordan.

"In the old days they didn't mind if a Palestinian over 60 carried on working. There was lots of money then. But now they are applying the rules very strictly to non-Kuwaitis," says one leading Palestinian. "It has created a lot of resentment."

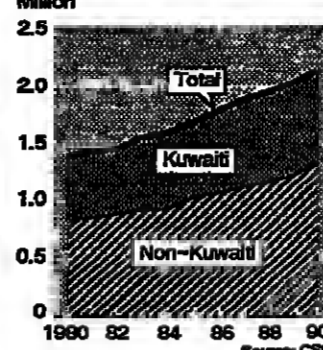
Along with their Lebanese and Egyptian colleagues, Palestinians would welcome residency rights for non-Kuwaiti Arabs who have lived in the country for a long time, although they know that there is little prospect of the Government accepting such an idea. They resent it when a skilled and experienced Palestinian is overlooked for a job in favour of a Kuwaiti fresh out of university. They dislike it when a Kuwaiti is paid three times as much as a foreigner for doing the same work.

Kuwait has nevertheless been a comfortable haven for the Palestinians and strong supporter of the Palestine Liberation Organisation (Palestinians in Kuwait pay a levy on their wages to the PLO), and

**Non-Kuwaiti labour force**



**Population**



some long-term residents seem to be more sad than bitter about their plight. They know the rules. Foreigners cannot stay without work. They are not allowed to own property - which means high rental payments - or a majority share in a business.

The rules, meanwhile, are becoming stricter, as the Kuwaiti authorities pursue their goal of having Kuwaitis in the majority by 2000. New regulations prevent foreigners in the private sector from taking second jobs, discourage attempts to switch from one job to another, and stipulate

that those absent from the country for more than six months can lose their right to stay. Yet for many Palestinians Kuwait is a home both more prosperous and politically more liberal than alternatives such as Jordan, Iraq and Syria.

The gradual departure of skilled Arabs has increased the proportion of Asians in the population, and they now make up more than half of the foreign labour force. Each Friday hundreds of immigrants from the Indian sub-continent gather to socialise in a park near the Catholic cathedral in Kuwait City.

Like other poor immigrant communities in the Gulf and other parts of the world they have grievances, but no political influence and plenty of economic reasons for not making trouble.

Domestic servants have sometimes been sexually assaulted. Construction workers have occasionally gone on strike, accusing their employers of failing to pay them. The system of employer sponsorship which grants people entry to Kuwait makes them virtually the equivalent of indentured labourers. In one recent court case a maid was sen-

ted to six months in jail with hard labour, followed by deportation; she was said to have made a false allegation of sexual assault against her employer in order to take up a job in another household.

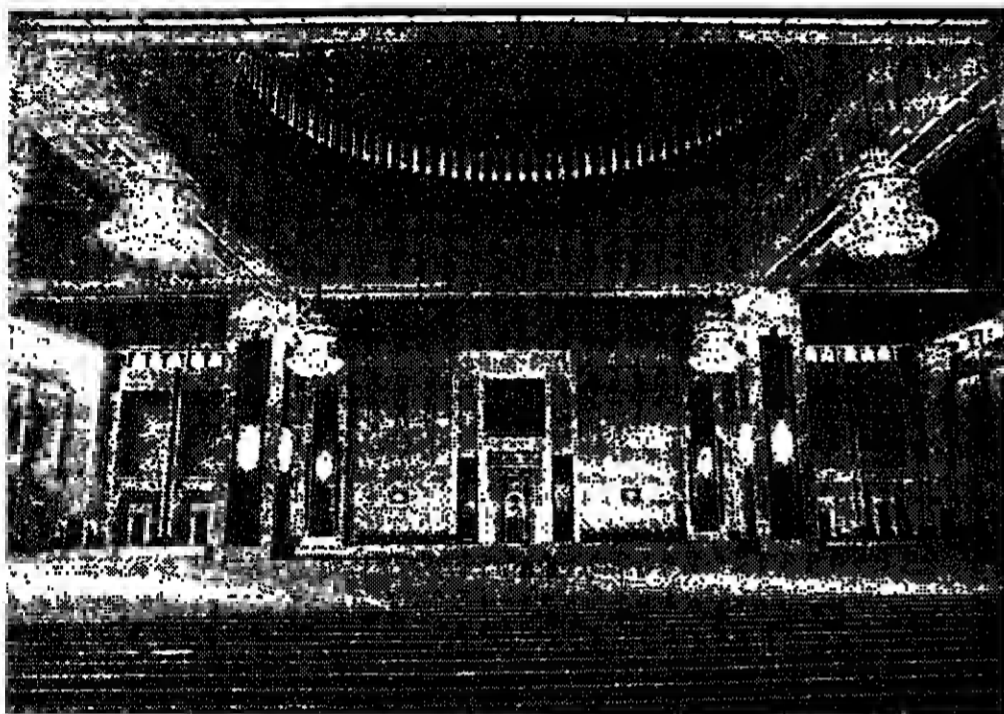
The Government has cracked down on illegal Asian immigrants as part of its efforts to cut the foreign labour force. "When the work is over, this labour has to emigrate, says one Government minister bluntly, expressing surprise at the influence of immigrant communities in Britain. "This is a situation which could happen here in Kuwait, and which we want to avoid."

"Kuwaitisation" is particularly advanced in the civil service and the public sector, where nine out of 10 Kuwaitis work. In the private sector employers are urged to take on nationals, but often prefer a cheaper, more skilled foreigner who is not liable to military service. "Kuwaitisation and profits don't go," says one businessman.

However, determined the Government, foreign workers will remain essential to the Kuwaiti economy for many years to come, both as labourers and as skilled administrators and professionals.



Asians make up more than half of Kuwait's foreign labour force



The Grand State Mosque in Kuwait

IT IS Sunday night and the ebullient Sheikh Salem al-Sabah al-Salem al-Sabah, Interior Minister and member of Kuwait's ruling family, is welcoming new arrivals to his weekly *diwaniya*.

Some of the guests wear formal gold-braided cloaks over their *dishdashas*. Some of them advance to Sheikh Salem under the mosaic portrait of his grandfather and kiss him on the cheek or the forehead or the bridge of his nose when he rises to greet them. All of them are men, and all take a seat appropriate to their seniority on the sofas lining the walls of the hall.

The huge room, otherwise bare of any furniture but the inlaid wooden tables around the edge and the chandelier of coloured glass, is buzzing with conversation. Among those present are the Saudi Arabian ambassador (he whispers in the ear of the Minister), the head of the Kuwait Investment Office in London, the Chief of Staff of the armed forces, the new commander of US forces in the Middle East, and an array of professors, business-

**Political participation**

**Armchair democracy**

men, politicians, journalists and government officials. This is a popular *diwaniya*.

People come and go throughout the evening, calling greetings to the Sheikh across the room. One man brings a written petition in a sealed envelope, while the leader of a group of farmers complains aloud to Sheikh Salem about a plague of locusts and the recent frost. The Sheikh responds that God and not the government is responsible for such events, and he jovially urges the farmers not to use the problems as a pretext for raising food prices. He fences verbally with each interlocutor, testing his mood and measuring his political will.

Elsewhere a dozen quiet conversations continue, covering everything from sport to nuclear disarmament. Visitors fiddle with their strings of beads as they talk, and ser-

vants circulate with small cups of bitter Bedouin coffee.

The *diwaniya* - a word which describes both the discussion group and the building which houses it - is a dominant feature of male life in Kuwait and an important social and political phenomenon which has no parallel in the West. Originally the word referred to the men's quarters in a Bedouin tent, and it is linked, for obvious reasons, to the English "divan".

Many Kuwaiti houses have a *diwaniya* on the ground floor. The meeting itself takes on a wide variety of forms and sizes. It might be a small gathering of friends who drink tea and play cards, a literary evening, a lecture, or a more formal occasion at which a minister makes himself available to his peers.

Since Sheikh Jaber al-Ahmad al-Sabah, the Emir, dis-

solved the National Assembly in 1986, the *diwaniyas* have become a particularly important channel for political grievances in Kuwait, which is one of the Gulf's most sophisticated and politically active societies.

But the system has its limitations as a political institution. In some ways the *diwaniyas* are gentlemen's clubs, although many are theoretically open to all Kuwaitis bent to go to the *diwaniyas* of people they like or respect, thus reinforcing rather than challenging each other's opinions.

At least the *diwaniyas* allow the ruling family to test the political temperature and to experiment with new ideas. Sheikh Salem says he might raise a particular issue one Sunday, let people mull it over, and then bring the subject up again a week later to "get a feedback".

Among the subjects vigorously debated at *diwaniyas* this year are the calls for former members of parliament for the reconvening of the National Assembly.

"Maybe my *diwaniya* has a little bit of formality, but others I go to are smaller, say 10 to 15 people," says Sheikh Salem. He visits perhaps 20 *diwaniyas* a month, but during the holy month of Ramadan the number rises to 100, with about 20 minutes spent at each gathering. It is said that Sheikh Saad al-Abdullah al-Salem al-Sabah, the Crown Prince and Prime Minister, goes to as many as 300 during Ramadan and returns home only in the early hours of the morning.

As for Sheikh Salem's own *diwaniya*, any man is free to enter, even if he might hesitate to do so. There is no visible sign of security, only an open gate. "It is an indication that the doors of the al-Sabah family, and of the ministers, are open to all," says Sheikh Salem.

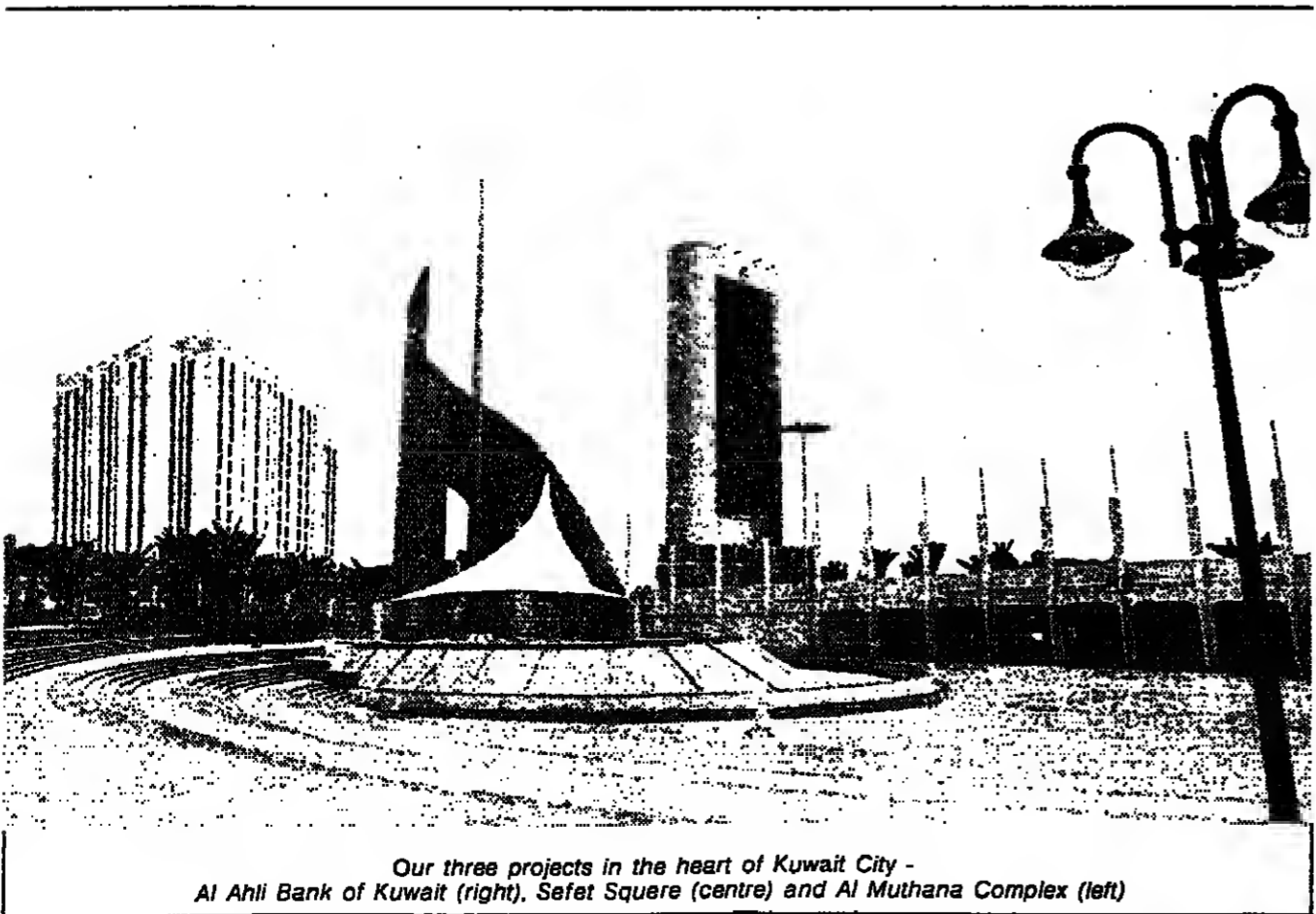
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**KUWAIT 5**

**Foreign Aid**

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KUWAIT has always been one of the world's most generous donors of aid as a proportion of its gross national product, and at times the most generous of all. During the 1970s, the total foreign aid reached levels of more than eight per cent of GNP.

The boom years are over now and Kuwait aid has declined sharply to around \$300m, but that still represents nearly two per cent of GNP, or more than double the level recommended by the UN.

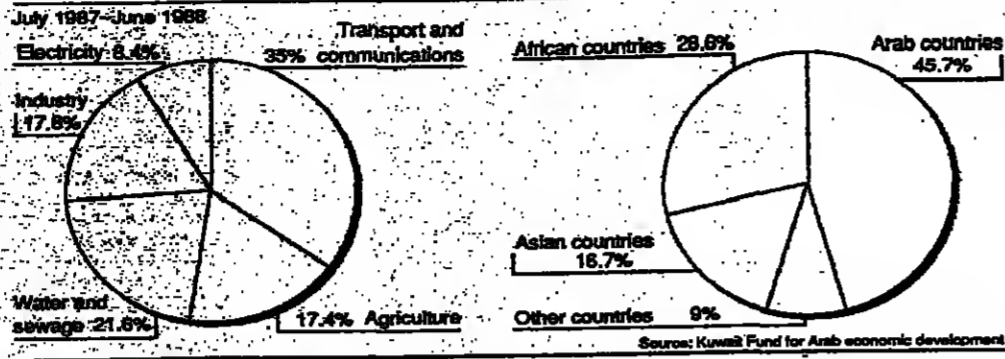
Most of the aid is distributed through the Kuwait Fund for Arab Economic Development (KFAED), but there are also contributions in the form of grants and loans from the Government and assistance in kind in shipments of crude oil.

Aid to other countries, in the past at least, has been a particularly important foreign-policy tool for a small state anxious to maintain its neutrality and independence in a turbulent region. Just after full independence from Britain in 1961 Kuwait was faced with Iraq's claims to its territory, and it was in that year that KFAED was formed.

But Mr Abdul Wahab al-Bader, KFAED's deputy director in charge of operations, says that Kuwait aid is much less political than that of some other major donors, which give most of their assistance to a handful of strategic allies or to their former colonies. "It's not really a political institution," he says of KFAED. "I'm working in China, I'm working in Vietnam, I'm working with the countries that I really feel are in need. Since the Fund's establishment the idea was to help other countries, Kuwait is a developing country too. We were not in an easy situation before the oil, and then we were blessed."

"I don't think there is a great

**Sector and geographical breakdown of Fund loans**



political motivation. Of course the political element of it is to be friends with everybody. If that's politics then I love it."

KFAED's aims have changed since its foundation. As its name suggests, it was originally devoted to helping the Arab world but in 1974 the scope of its activities was extended to the rest of the developing world. The focus is still on Moslem countries, whether African, Asian or Arab.

In the 1987-1988 financial year, Arab countries received 45.7 per cent of the loan commitments, with African countries taking 28.6 per cent, Asia 18.7 per cent, and others nine per cent.

Among other donors, KFAED appears to be respected as a "quiet, efficient organisation which inspects its projects carefully and makes sure the money is well spent. Its institutional structure protects Kuwaiti aid from the taint of personal favouritism or corruption."

For the past three years, KFAED has received no allocation from the Kuwaiti budget, relying instead on money generated by its own reserves. A quarter of the spare funds are invested directly in Kuwait,

and the rest placed with outside managers in Kuwait or London.

"Our financial position as a whole is very good," says Mr al-Bader. "We have amounts we are investing which generate very good income in addition to the interest on previous loans. It reached the point last year where reserves almost equalled the paid-up capital."

"The Government changed the laws to allow us to increase our capital from our reserves. We assess yearly net income, then take 50 per cent into the capital and 50 per cent into the reserves. We will be able to generate as much as we commit."

Paid-up capital is now KD 1.4bn (up from KD 970m) and reserves are KD 494m, with annual commitments running at about KD 80m.

KFAED aid is concentrated on economic development - agriculture, infrastructure, industries and telecommunications - rather than on social projects in education or health. The latest annual breakdown of the figures shows transport and communications taking 35 per cent of the loans, followed by water and sewage with 21.6 per cent, industry with 17.8 per cent, agriculture with 17.4 per

cent and electricity with 8.4 per cent.

The projects backed by KFAED - which takes on a maximum of half the financing of any one project - include the development of pharmaceutical production in Egypt, rural water supply in Mauritania, natural gas in Oman, and a road in Papua New Guinea.

Loans are on concessional terms, usually with a grant element of between 25 and 70 per cent, repayment periods of up to 35 years, and grace periods of up to 10 years. KFAED also gives a small amount of grant aid to the poorer countries, usually for preliminary studies.

Ask why Kuwait needs to help the relatively wealthy Gulf states such as Oman and Bahrain, Mr al-Bader replies that per capita income is not always an appropriate statistic by which to judge a country's needs.

Bahrain needed considerable infrastructural development and Oman has a small population in relation to its size. As for repayments, most countries service KFAED loans, although there have been problems with Sudan.

Victor Mallet

**ISLAMIC ART**

**Guardian of rich treasures**

KUWAIT is a small, modern city state where the drinking of alcohol is officially prohibited. If you are a visitor at a loose end there is little to do with your spare time unless you fancy a drive into the desert, or a trip to Entertainment City, the funfair and children's theme park on the outskirts of town. Single men are not allowed to enter.

All is not lost. Since 1983 Kuwait City has been blessed with one of the world's most impressive public displays of Islamic art, the al-Sabah collection housed in the Kuwait National Museum.

Inspired by his wife Sheikhha Husna and by school-time memories of Moslem shrines in Jerusalem, Sheikh Nasser Sabah al-Ahmad al-Sabah, a member of the ruling family, began a private collection of Islamic art in 1975. In an astonishingly short time he has amassed some 20,000 objects, ranging from carpets and decorated manuscripts to candlesticks, coins and astrolabes.

Subsequently he decided to make a permanent loan of the collection to the National Museum, where about 1,000 of the items can be seen at any



The entrance to the Kuwait National Museum

one time. "Yesterday, these objects were scattered in Europe and America and other distant parts," wrote Sheikh Nasser at the time of the handover. "Now they are nearer to their places of manufacture, allowing those who live here to see the products of their great civilisation of the past."

He is also anxious to give historians and researchers the chance to pursue their studies

into Islamic art, which is traditionally but by no means exclusively strong in calligraphy and decorative design rather than in figurative representation. Along with the geometrically patterned ceramic tiles and the silver-inlaid bronze bowls are some fine illustrations of noblemen and courtly life from Iran and India.

Sheikhha Husna looks after the collection in its new home, organising local exhibitions

and international exchanges. "I am just running it in the same way I ran it in my house," she says in her office at the museum.

"But since the collection became public it has a new dimension. We make use of it in education to introduce people to Islamic art and culture. It has become more than an object of beauty. It has become a cultural centre."

"It is considered one of the most comprehensive collections in the world, not in the number of objects but in the areas it covers and in the quality also."

Like her husband, and like Greeks anxious for Britain to return the Elgin marbles, Sheikhha Husna is keen to gather in the Islamic art plundered, purchased or received as gifts in the past and now scattered across the world.



Sheikhha Husna

"This is what we are trying to do - to get it back," she says. Kuwait collectors are not short of money, but export restrictions in the countries concerned often make it difficult to buy at will.

Exhibitions are an important part of Sheikhha Husna's work. This year they include one on the early links between Sweden and the Arab world and another on Arabic texts printed in 16th century Europe. Plans are already under way for sending some 100 exhibits to Leningrad and then the US in 1990.

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The Challenge and the Change

## Putting the squeeze on the juice sector

A train takes the strain in Tropicana's efforts to dominate the \$3bn US orange drinks market. James Buchan reports

Every week, twice a week, a freight train a mile long leaves a siding in the town of Bradenton and rumbles north through the swamps and golf courses of central Florida for New York City, 925 miles away. The train carries orange juice, 1.2m gallons of refrigerated juice newly squeezed from Florida fruit, and it is a mighty weapon in one of the fiercest marketing battles in the US food and drink industry.

The train is owned by Tropicana, which has been shipping Florida fruit and juice to New Yorkers for 43 years. Next month is the peak of the growing season and the company's creaking, clanking processing plant at Bradenton is working round the clock. The office of Robert Soran, the 46-year-old chief executive, looks out over a park of growers' trailers, heaped with orange fruit.

"Look at us here and look at the competition," he says. "They don't grow oranges in Houston and Cincinnati."

Houston is the headquarters of Coke Foods, the food division of Coca-Cola. Cincinnati of Freeter & Gamble. These companies are among the most skilful mass-marketing organisations in the world. But in the \$3bn orange juice market, Tropicana, a company with just 12 officers, 12 marketing people and less than \$900m in sales, is making all the running. And this is all the more remarkable because Tropicana's owner, the Seagram wine and spirits group, has little experience of selling non-alcoholic drinks.

Coke Foods' Minute Maid orange juice is still the largest US brand, with a share of 24.8 per cent at the last count in December. But it mostly sells a drink that the customer makes up from frozen concentrated juice, and the American customer increasingly cannot be bothered. In the rapidly growing market for orange juice that comes ready to drink, Tropicana had a 27.5 per cent share in the month to December 3 against Coke Foods' 21.7 per cent.

Meanwhile, P&G, which tried to bulldoze the competition in time-honoured fashion, is losing money hand over fist in a struggle to hold a share of only 9.1 per cent. The rest of the market belongs to price-shaving private label juices.

"We've had cola wars; now we've got fruit juice wars," says Michael Bellas, an industry consultant in New York. "This is going to be a dandy one to watch."

Tropicana may yet be muscled out of the way by its burly competitors. But it appears to be holding off a concerted challenge from Coke Foods in its New York market, and expanding rapidly in California and other new markets.

Almost single-handedly, Tropicana has changed a commodity industry into a market where it can establish and defend a price premium. This is no easy task because orange juice looks pretty much the same whichever way it's made, even if it tastes different. And US law is very restrictive, in what can be termed fresh or pure.

Tropicana's success has had a lot to do with luck and technology, an experienced workforce and oodles of capital. More than that, it shows what a small and tightly knit management group can do if it really understands its product and loves to fight.

Tropicana was founded in 1946 by Anthony Rossi, a Sicilian immigrant turned Southern Baptist. Through a mixture of commercial sense and (according to his second wife's memoirs) divine guidance, he hit on the idea of chilling slices of orange and grapefruit and packing them in glass jars for the breakfast tables of the great Manhattan hotels. Orange juice was the by-product.

In the years after the Second World War, the rest of the industry concentrated on creating a mass market by evaporating juice - increasingly from Brazil - and then freezing and shipping the residue. This cut volume by around 75 per cent

and greatly reduces shipping and storage costs. Unfortunately, the heating and freezing process damages the fragile oils and flavours in the orange.

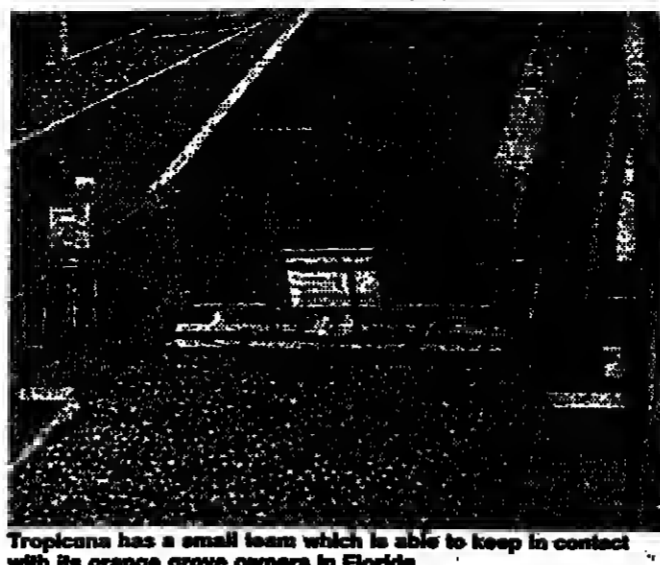
Under Rossi, Tropicana remained specialised, seeking premium markets through relatively advanced technology. Its main product, Tropicana Pure Premium, has always consisted of Florida oranges squeezed, pasteurised rapidly, refrigerated and packed. The juice will not last more than a few weeks even in a refrigerator and so, for a long time, the company had to forego wide distribution. But it gained dominance of America's largest and most sophisticated market, New York. It has never let go.

In 1957, Rossi launched an orange juice tanker, the SS Tropicana, to ship the juice to a pier in Queens, across the East river from Manhattan. In 1963, when frost wiped out the Florida crop, he moved Tropicana's operations to a barge off the coast of Mexico and bought the Mexican crop.

In 1978, Rossi sold the business to concentrate on missionary work. Under the ownership of Beatrice, which paid him \$500m for it, and Kohlberg Kravis Roberts, the New York investment firm which bought Beatrice in 1986, management was greatly simplified.

It now consists essentially of Soran, a 12-year veteran of Beatrice, Robert Weissman as head of marketing and a finance officer in George Zalans. Soran says the team is small enough to keep in touch with grove owners as well as the foremen and union leaders at Bradenton.

The 1980s have handed these executives a great opportunity. Americans have become more careful about their health and many have shifted from soft drinks to fruit juices or from concentrate to "fresh-pressed" juice. A severe frost in 1983 sent prices of all types of orange juice soaring. Says Daniel Schafer of Coke Foods: "As the price of other orange juices rose, it was easier for customers to make that jump into premium juices."



Tropicana has a small team which is able to keep in contact with its orange grove owners in Florida

These were classic conditions for what marketing people call the "segmentation" of a commodity market. But each company tried to reap the benefit in different ways.

Tropicana sought to build on its premium reputation, increasing its capital spending five fold since 1986 to cut costs, improve packaging technology and introduce Pure Premium Homestyle, a new product with chunks of orange in it. A special lining in the cartons has made it possible to expand as far as California. Because Tropicana is more expensive but still turns over quickly, retailers are eager to stock it over lower-priced juices.

"Three years ago, we were in half the country," says Soran. "Now we're national." P&G powered into the market in 1981, hoping to gain a quick double-figure percentage share with what it claims was a superior product, which it called Citrus Hill. But its various formulations, including a calcium-fortified version, and different packaging missed the fashion for a purer product. "If you want calcium, you can drink milk," says Soran.

Wall Street analysts believe that P&G has now lost so much money in the business, certainly over \$100m, that it cannot afford the huge cost of moving into not-from-concentrate, refrigerated trains. After its own excursion into calcium-added juices, Coke Foods did introduce its own not-from-concentrate in the Boston and New England markets last May, and moved into New York later in the summer.

A furious battle erupted. Soran says that the new Minute Maid product, Premium Choice, "imitates" Pure Premium in its name and its packaging. There has been heavy price discounting and promotion all round. In the key New York market, Premium Choice had garnered a 4.1 per cent share by early November, but from-concentrate Minute Maid had lost share. Pure Premium seemed to be holding steady. Citrus Hill was down.

What happens next will depend more than anything on profits. Seagram bought Tropicana as a strategic diversification from its spirits base, which is shrinking. The company paid \$1.2m for Tropicana, which is probably about 20 years' profits at 1987 levels. The payback will come more quickly if Tropicana's profits grow. But profits growth has been harder to achieve since Coke Foods launched Premium Choice.

But analysts believe that Seagram, which is controlled by the Bronfmann family of Canada, can afford to forego immediate profits to build a valuable brand more easily than its competitors.

Even P&G, renowned for never abandoning a market, has become more profit-oriented after a series of bruising and wasteful marketing battles in the 1980s. Says Jay Freedman, an analyst at KLM's Peabody on Wall Street: "I think they'll get in a foetal position and try and survive. They're not so inclined to throw dollars after markets as they used to be."

Soran says: "I told the Seagram board that in three or four years it will be clear that Tropicana was an absolute steal at that price."

## UK mower battle

# Competitors cut up rough

Phillip Rawstorne on the latest bout of TV advertising

A 10-second television commercial last week signalled more surely than the preceding weather forecast that spring had come a little early this year. The commercial showed a map of Britain being transformed, from a patch of overgrown grass into a neatly striped lawn.

It was the opening shot from Quakcast, the lawnmower manufacturer, now part of Blue Circle group, in the annual advertising battle for the UK's \$180m lawnmower market.

The move seems to have caught Quakcast's major competitors - Flymo and Black & Decker - on the hop. As Quakcast's commercial went on air, Flymo was finishing filming its commercials in Australia.

But if the mild winter has meant an earlier than usual start to the fight for market share, the main battle will not be joined until April, and though it promises to be as fierce as ever, it will be waged this year in a more civilised fashion than the tooth-and-claw "hover hover" wars of the early 1980s.

Quakcast last year switched advertising agencies, replacing WCRS, which made its name with the "less hover than a hover" campaign against Flymo, with Burkitt, Weinreich, Bryant (BWB). The advertising theme had become redundant as Quakcast had also begun to manufacture a range of hover mowers, and Flymo improved its product. "A different approach was needed," says Phil Buckle, managing director, "and we decided that it would be better to get a new agency to take a fresh look at the situation."

BWB's research showed that most householders regarded mowing the lawn as a chore - but that they gained a great

deal of satisfaction and pleasure from the way in which a newly-mown lawn seemed to make everything around it look better.

The TV commercial which will form the core of the main \$2.75m six-week campaign beginning in April was shot at Stonehenge last September. The \$260,000 production shows the grass around the ancient stone circle - "a tricky bit of rockery" - being mown to a neatly striped finish.

The stone circle then tilts itself up - an effect achieved by assembling polystyrene blocks on Arsenal's training ground at London Colney, in Hertfordshire. The difference shows where a Quakcast mower, says the slogan, which is to be repeated in a national poster and press campaign as well as on the company's brochures.

Quakcast is counting on its early start, the mild weather, and its switch of advertising tactics to reverse a decline in its market share over the past two years.

The company still claims brand leadership with a 44 per cent volume share of a largely static market in which some 1.4m mowers are sold each year, most of them in April, May and June. It estimates Flymo's share at 34 per cent.

Flymo, part of the Swedish-owned Electrolux group, disputes those figures, and virtually reverses them in its claims to be market leader. Les Evans, Flymo's managing director, plans to spend \$2m on a TV campaign this spring, with some supporting press advertising. Saatchi & Saatchi has made two new, 30-second commercials, one for a hover model, the other for a rotary mower which produces the striped finish so heavily featured in the Quakcast advertisement.

tishments. Just as Quakcast has moved into the hover-mowers that it once despised, so a quarter of Flymo's production this year will be wheeled, rotary mowers - the most popular machine in continental Europe where it is now looking for further expansion.

Evans declines to reveal the theme of his campaign in advance. "But we have a new marketing platform," he says. Guarantee cards already being returned to the company, he adds, suggest that Flymo is still gaining ground this year despite the fact that it has not yet started to advertise.

The intensity of the competition between Quakcast and Flymo in pricing, marketing and technology, has made it very difficult for any other manufacturer to gain ground.

US-owned Black & Decker, which entered the market in 1974, has never been able to secure more than 17-20 per cent of the market, lagging well behind in third place, despite the success of its other garden and household tools. It refuses to talk about its advertising plans for this year.

More surprisingly, perhaps, considering their achievements in other industry sectors, the Japanese threat has also been contained. Ten years after it entered the market in a blaze of publicity, Honda has failed to achieve any significant penetration. The general estimate is that its petrol-driven rotaries have secured no more than a 2-3 per cent share at the most expensive end of the market.

The idiosyncratic UK mower market, with its preference for electric-powered machines, and its split between cylinders, hovers and rotaries, appears to be one place where a global marketing approach does not work.



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ECONOMIC VIEWPOINT

Don't pretend to repay that Debt

By Samuel Brittan

The UK's net public sector debt amounted at the end of March 1988 to £11,600m or 82.8 per cent of gross domestic product.

Why not then pay off the National Debt, a notion being seriously peddled from 10 Downing Street, on a superficial arithmetic, it could be paid off in less than 10 years.

The summary answer for the busy executive is that paying off the National Debt is an objective of policy based on a confusion between the public sector and a pretty crude form of personal finance.

I say pretty crude, because as one colleague commented: "It suggests that I should sell my house, use the proceeds to pay off the mortgage and buy a tiny dwelling in which I would live in squalor, just to say that I am not in debt."

The advocates of repaying the National Debt commit a very similar fallacy. For they forget that the public sector has assets which in 1988 exceeded liabilities to provide a net worth of £2,200m. It has always been accepted that there was a difference between pure deadweight debt incurred to finance a war or a spending spree and debts which are offset by assets of definite value and are normally turned over rather than repaid.

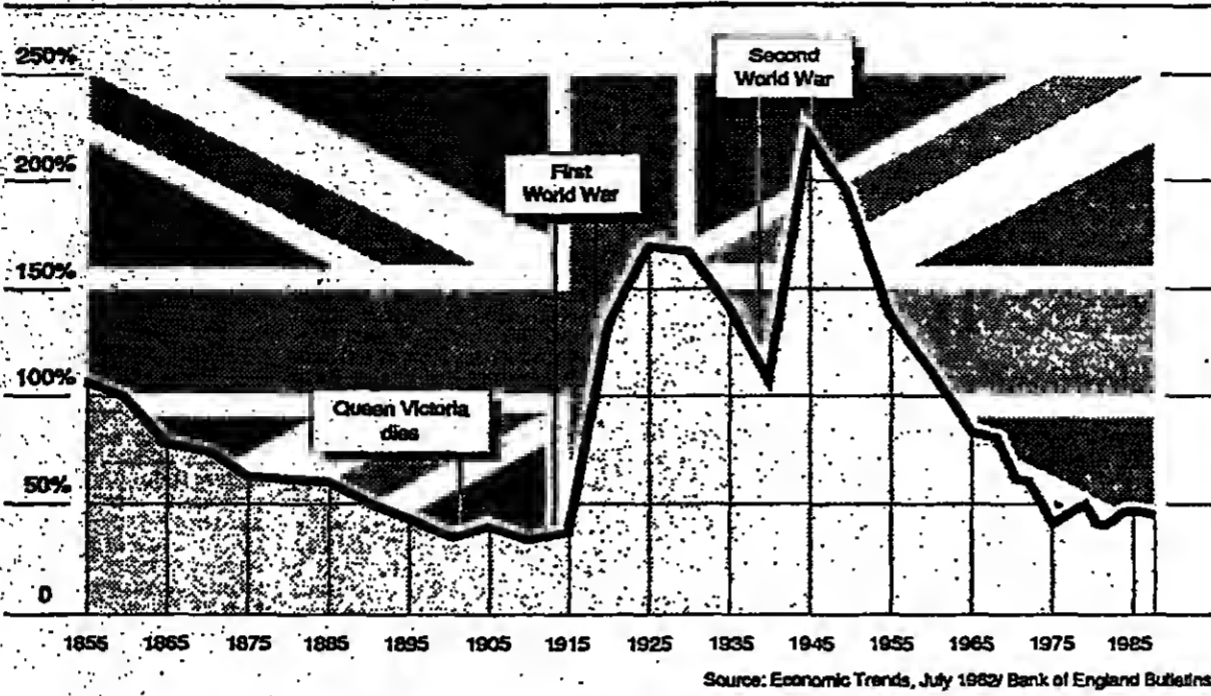
The main public finance gain from repaying the National Debt would be a very simple one, namely the elimination of the £17m of annual interest payments already mentioned, which is equivalent to roughly 10 pence of the basic rate of income tax.

But it is irrational to pay higher taxes than we need for the next 10 years in the hope of a sudden drop of 10p after a decade. The rational citizen would anticipate events by bringing forward his or her consumption on the basis of the anticipated tax cuts. So the effects of super large Budget surpluses on public sector savings would be partially or completely cancelled out by still lower or even negative personal savings.

Abrupt changes in tax rates without pressing economic reasons are in any case distortions to be avoided. Instead of waiting for a sudden 10p tax cut after a decade it would surely be better to have gradual remissions building up in the intervening years. One possibility would be that of a National Debt to GDP ratio which is gradually getting smaller, but never reaches zero. Indeed, this is exactly what has happened.

In absolute cash terms the National Debt has never fallen significantly. Any repayments from Sinking Funds in Victorian times were too slight to make much impact. Nevertheless the growing prosperity of the 19th century allowed the ratio of National

Ratio of UK National Debt to GDP



Source: Economic Trends, July 1982; Bank of England Bulletin

Debt to GDP to fall from about 100 per cent in 1855 to below 50 per cent on the eve of the First World War. It rose rapidly again during the two world wars, but fell very sharply after 1945, mainly due to the effects of inflation.

Everything said so far takes the National Debt repayment idea with a seriousness it does not deserve. The truly rational reaction of a citizen on hearing the announcement of a series of surpluses designed to repay the National Debt would be not to anticipate tax cuts a decade later, but to anticipate higher public expenditure long before. Already, one only has to time in by chance to a broadcast discussion on any worthy subject whether education, health or the environment - to hear someone saying: "There is no excuse for the Government not spending more now that its coffers are so full. The only surprise is that these arguments have been so long in getting off the ground."

It was to be held down to reduce the load on interest rates and monetary policy. Then we had a policy of running a small deficit to stabilise the public sector debt ratio. This was followed by the policy of balancing the Budget over the cycle as a whole. It would strain credulity too much to change to yet another principle of running a permanent surplus to repay the National Debt.

But from about the time of the stabilisation package arranged with the International Monetary Fund by the Labour Government in 1976 and on into the Thatcher Government from 1979 onwards, the public sector debt ratio stopped falling and even rose slightly at times. It was only with the low borrowing and eventual Budget surpluses experienced since 1986 that the debt ratio has started to fall again.

There is another important point which may appear presentational. There has been a new fashion in Budget principles almost every other year. Originally, government borrow-

ing was to be held down to reduce the load on interest rates and monetary policy. Then we had a policy of running a small deficit to stabilise the public sector debt ratio. This was followed by the policy of balancing the Budget over the cycle as a whole. It would strain credulity too much to change to yet another principle of running a permanent surplus to repay the National Debt.

Strictly speaking there does not have to be a Budget surplus or even balance for the public sector debt ratio to decline. It could do so at zero inflation with a borrowing require-

ment of anything below 1 per cent of GDP. The simpler target of a Budget balance leaves a margin to spare.

The attempt to work out a single "true" public sector balance is probably futile. If I were the Chancellor I would dwell quite heavily on the non-recurring aspects of some revenue items to knock on the head the belief that there exists a vast reserve available to finance public spending. I would also send proposals to the Treasury Committee for a common-sense and unambitious improvement in the public sector accounts by deducting just asset sales - without attempting to be too comprehensive or too consistent. In addition I would also make a "memorandum estimate" of the business cycle element in the surplus without attempting the hazardous job of constructing a full cyclically corrected Budget balance.

BOOK REVIEW

A most humble public servant

AN INDUSTRIALIST IN THE TREASURY By Edwin Plowden

Lord Plowden is "the Great and the Good" made flesh. The phrase refers to Britain's collection of personages, some able and some merely distinguished, who can be relied upon to perform a public service with enthusiasm and honesty. Revolutions and Thatcherites tend to sneer at such people, as do those on the far left who hope to turn the world over. The rest of us can take "the Great and the Good" at face value, as referring to some of the finest, although not always the most far-seeing, persons of influence the country has produced.

Having served as Chief Executive at the Ministry of Aircraft Production during the Second World War, Lord Plowden became the then Labour Government's Chief Planning Officer in 1947. He stayed on at R.A. Butler's request when the Conservatives took office in 1951. Three years later he became the first chairman of the Atomic Energy Authority. He took over at Tube Investments in 1960, but continued to do his bit for the rest of us by serving on a wide variety of Government committees.

These recollections, which mostly cover the years 1947-51, are a pleasure to read. The style is a mixture of two admirable traits: the restrained, economical prose of a well-trained Treasury man and the gentle humour of a Plowden. He writes of Labour's post-war Chancellor, Stafford Cripps, as a lawyer par excellence. He would show the most remarkable mastery of facts and clarity of exposition even when he might not actually fully understand a subject.

It also happens that Edwin Plowden was present at a number of important moments in those formative years. It was he who set sail with an ailing Cripps and an ill Foreign Secretary Ernest Bevin on the Mauretania on August 29, 1949. Their mission was to tell the Americans that sterling would be devalued, and to negotiate support in return. The then rate was \$4.03 to the pound. In Washington, where the British delegation finally got down to details, the internal debate ranged between \$2.80 and \$3.20. Lord Plowden and other officials wanted the lowest figure. "Bevin turned to me and

asked: 'What effect will a rate of \$2.80 have on the price of a standard loaf of bread?' Anticipating such a question, I had called to London for this information. I was able to give him an immediate reply and he nodded."

The following year the Government faced an ultimatum from the French. Join the talks on what became the European Coal and Steel Community or be left out while six continental countries went ahead. Young Plowden and his colleagues tracked down Herbert Morrison, who was acting Prime Minister at the time, to the Ivy Restaurant. They all retreated to a passage/store-room at the back. After a pause for thought, Morrison was asked by Churchill, then back in Downing Street, what it would cost to make a hydrogen bomb. He reported the price to the Prime Minister, who replied: "We must do it. It is the price we must pay to sit at the top table."

It is plain that Britain's post-war cabinets, whether Tory or Labour, were the servants of events; nor was the Treasury any more their master. Lord Plowden excuses the collective failure to see Europe as his good friend Jean Monnet saw it - as a burgeoning independent federation - by pointing out that the British people were not ready to abandon either the Commonwealth or the special relationship with the US. "At any time, it is all too easy to look back at our earlier selves and to criticise them for their lack of vision of the future and their preoccupation with the past," he writes. Yes, but why does one get the feeling that on the high issues (like the EC), little has changed?

Joe Rogaly

LETTERS

'We can wait no longer' Rights to 'rights'

From Mr David Davis MP. Sir, You rightly pointed out in your editorial "Opening up the docks" (February 16), that the case for abolition of the National Dock Labour Scheme is overwhelming. In making the judgment that the abolition of the scheme could be negotiated, no doubt you reflect the hopes (if not the expectations) of most reasonable people.

obscure monstrosity. We have exhausted the options, and can wait no longer. Each day that passes sees another decision to locate a factory in order to exploit the single European market after 1992. Yesterday, Nissan; today, Toyota; tomorrow - who knows?

Unfortunatly, members of the registered dock workers section of the TGWU seem determined to make martyrs of themselves in defence of this

From Mr Stephen Hester. Sir, The letter from Mr Sandford (February 20) in support of pre-emptive rights and the small shareholder seems to miss some critical points. It is uncontroversial to assert that companies should attempt to raise new capital on the least costly manner. Cost can indeed be measured by the resultant value of the shareholders' investment in the company. But it is not true that selling new shares outside the rights system at a discount necessarily transfers wealth from existing shareholders, as compared to shares being sold, usually at larger discounts, via the rights system.

From Mr Todor Rickard. Sir, Recently a young German engineering student, just beginning work on the sandwich component of his degree, visited me.

Community as we approach 1992's single market. It is imperative that UK businessmen match such efforts. But it will be dangerous complacency to assume that we shall only need English to succeed in international marketing. This may well prove necessary, but not sufficient. We shall also have to do business in the language of each local market.

Good reason for going local

From Professor D. Greenaway. Sir, William Dawkins's "Some original ideas on the limits to free trade" (February 10) identifies the proximate causes of a growing interest in local content rules as: trade frictions with Japan; the growing complexity of consumer electronics and a desire on the part of Japanese companies to be located near the market.

From Mr Todor Rickard. Sir, Recently a young German engineering student, just beginning work on the sandwich component of his degree, visited me.

1992 action strategy

Community as we approach 1992's single market. It is imperative that UK businessmen match such efforts. But it will be dangerous complacency to assume that we shall only need English to succeed in international marketing. This may well prove necessary, but not sufficient. We shall also have to do business in the language of each local market.

Can we really believe it would have located here in the absence of quantitative restrictions of various forms in the UK, France and Italy? Without

the new system will replace one supplied by Plessey in the mid-1970s. Manchester will also be the first airport to receive a Plessey Watchman air traffic control radar supplied as part of the CAAS airport radar replacement programme. Plessey is a world leader in sensors and systems for air traffic control and the supply of complete airfield systems.

PLESSEY HOTLINE PLESSEY H

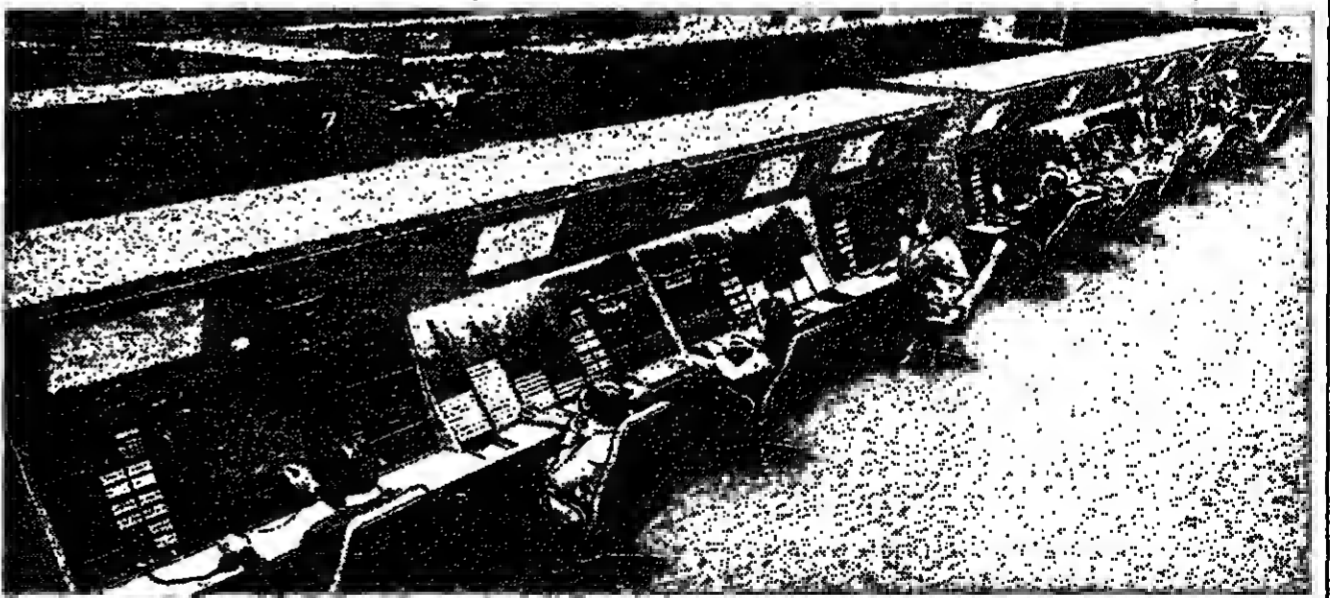
PLESSEY TO UPDATE MANCHESTER AIRPORT

Aircraft approach control facilities at Manchester Airport are to be updated by Plessey under a contract awarded by the Civil Aviation Authority. Plessey will also update the sub-centre for en route and area control in the region.

Part of a £600 million investment programme, the system will use the latest display and processing technology. It will be known as NODE (National air traffic services Operational Display Equipment). Plessey won the order

against strong domestic and international competition. The system will take data from eight radars providing cover from the Midlands to the Scottish border, process it and present the information to air traffic controllers on newly developed 20-inch raster

scan displays which can be viewed in high ambient light. Previous-generation displays needed semi-darkened rooms. A key feature will be the ability of the system to expand to meet forecast increases in air traffic into the next century.



Operations room at the Vienna Air Traffic Control Centre, equipped with Plessey display systems.

NEW HELICOPTER MONITORING SYSTEM

A new monitoring system to improve helicopter safety and reduce operating and maintenance costs is to be developed jointly by Plessey and Bristol Helicopters. The Health and Usage Monitoring System (HUMS) satisfies the requirements of impending mandatory legislation to fit accident data recorders to all helicopters above 2,700kg in weight. The system also gathers and processes data from critical components such as engines, transmission and rotors. While there are other systems that monitor equipment and record flight data,

HUMS provides a fully integrated capability. On-board displays monitor critical components and the information is stored on a ruggedised disc in the flight recorder. The same box also records, separately, the flight data. At the end of every flight the pilot replaces the disc and the information can then be analysed by the maintainers. Bristol Helicopters, the world's leading civil helicopter operator, has already placed an initial order for 40 systems for their Aerospatiale Super Puma and Sikorsky S61 aircraft. Delivery and installation will begin in 1990.

SATELLITE NAVIGATION ORDER

The satellite navigation receiver developed by Plessey for use with the new Global Positioning System has been selected by Westlands for the Royal Navy EH101 helicopter development programme. The receiver has been successfully evaluated worldwide in ships, submarines and aircraft. Although extremely small and light, it offers full military performance and a high navigation update rate, enabling it to be used on its own or inte-

grated with other navigation sensors. The system is accurate to within 16 metres in all three dimensions and also gives heading and velocity. Plessey has also received orders for the receiver from the Australian and UK Ministries of Defence. Another order for GPS equipment has come from ITT Avionics - a significant milestone in moves to grant ITT a full manufacturing licence early next year.





ACCOUNTANCY COLUMN

# US auditors win a significant victory

By Pratap Chatterjee in New York

US ACCOUNTANTS last week won a round against the Securities and Exchange Commission's increasingly rigid stance on the independence of the auditor.

The SEC decided that it might modify its rule banning auditors from working with their audit clients, for instance in joint ventures - but only if the accountancy profession comes up with its own rules to ensure auditor independence in such situations.

This small-sounding concession is an important victory for the large audit firms. Recently they have become increasingly frustrated about the restrictions placed on them.

Mr Robert Mednick, Arthur Andersen partner in charge of professional standards, said: "As a general rule, the SEC staff are becoming more and more rigid and the profession as a whole, particularly the big firms, is feeling frustrated. In the last year or so the SEC has become very strict in their interpretation of independence. Sometimes they are just off the wall. Often they take such unreasonable and unrealistic positions, they could as well say that auditors shouldn't be paid by clients."

Andersen, along with Price Waterhouse and Peat Marwick Main, petitioned the regulators for permission to work on joint projects with clients, provided

the contract involved is not material to the turnover of either participant.

Although the SEC last week wrote back to say that it refused to lift the present ban, it left the way open for a future change in policy by suggesting that its staff could sit down with the American Institute of Certified Public Accountants (AICPA) to work out an alternative solution.

The original petition was made last March by the three firms, which stressed that they wanted to be able to do occasional one-off jobs, not regular joint ventures such as marketing software.

Then in July, Arthur Andersen applied to audit specialist contractors to the US Department of Energy, in order to carry out the audit, they suggested that they could get advice from a company not working with the department.

The area under review, nuclear enrichment, was not a subject in which it had expertise and it wanted to bring in outside help.

The advice was worth \$25,000 (£14,350), compared with Andersen's total fee of \$1m over three years. But the SEC was not happy when it discovered that the parent company of the proposed adviser company had recently become an audit client of Andersen.

The SEC said Andersen had

to give up one of them. Andersen applied for an accelerated hearing on the original petition. In December the SEC held an open meeting at which its staff recommended that the petition be rejected.

Mr John Riley, SEC staff accountant, said that its rules on auditors required "the appearance of independence and independence in fact."

However, the board members of the SEC were reluctant to shut the door completely and after two months of wrangling just managed to insert a clause in last week's letter to keep the debate going.

Auditors complain that this is not the first time they have crossed swords with the SEC. They point to cases which, they claim, impose unfair restrictions on their actions - although the SEC has made concessions before.

For example, Touche Ross audits Sears Roebuck, the retail giant. In the past, had the wife of any partner of Touche worked as a part-time clerk at a retail outlet of Sears, even 2,000 miles from where the audit was conducted, Touche would have had to give up the audit.

Recently the SEC relaxed the rule so that the spouse would have to work in an audit-sensitive function for the audit to be disqualified.

Again, if a firm helps a com-

pany to prepare a financial forecast for a company, it cannot audit it. The auditor may have performed the purely mechanical role of inputting company data into a company database without even studying the figures. Under SEC rules that would be a book-keeping function and therefore disqualify them.

By far the most rigid rule prevents auditors reporting on financial information prepared by an audit client in connection with a share issue. That is in contrast to British law, for example, where no such restriction applies.

Under the SEC rule, even if the opinion is expressed in Britain and not in the US, the firm is automatically disqualified from auditing the annual report of the company to the SEC.

The rules often extend to former partners, too. So if a retired Price Waterhouse partner is asked to value an asset for IBM, an audit client of his former firm, the retired partner would have to withdraw all links with the firm.

That would involve, for instance, the firm paying out his full pension before the contract could be fulfilled.

In none of the above is the AICPA as concerned as the SEC. For instance, it requires auditors to disclose loans from clients only if the loans are

material to their turnover, whereas the SEC requires disclosure of all loans.

Mr Glen Perry, Peat Marwick partner who worked on the petition, said: "We agree to accept rules that are much stricter than the AICPA's. (But) their position (the SEC's) often does not make sense."

Mr Lee Sidler, a former professor of accounting at New York University who is now senior managing director at Bear Stearns & Co, disagrees: "Accountants should stop trying to get the frosting on the cake. The SEC is concerned about health of companies and therefore the independence of the auditor. They should tell auditors to pick one or the other contract."

Mr Mednick of Andersen, a strong critic of the SEC, is heartened by the recent letter on working with audit clients. He said: "The very fact the SEC has come down from an absolute ban to suggesting talks with the AICPA means we may soon be able to start a reasonable dialogue."

The SEC suggestion has been sent to the AICPA. Mr Bob May, the AICPA chairman has forwarded it to the chairman of their professional ethics committee, Ms Marilyn Pendergast.

She said: "There are a whole bunch of rules that we differ on but this is the first time that we will be sitting down to work out a compromise." The details have not been worked out.

Many expect a professional standard to be drawn up. The committee already has a special task force that meets regularly with the SEC.

One solution is already spelled out in the letter. The SEC has no objection if the original contractor sub-contracts the work to an auditor and their audit client separately and then asks them to work together.

However, many companies prefer "turnkey" projects - those which involve awarding the work to a single contractor, which is then expected to draw up its own team and to carry the project to completion.

The potential benefits of a solution are enormous, particularly for the big accountancy firms. For instance, Price Waterhouse audits IBM: under the existing rules it simply could not carry out a turnkey computer project with IBM. This is a severe restriction for a firm which has decided to invest heavily in computer-related consultancy.

And of course for firms like Andersen it makes possible contracts like the nuclear enrichment audits.

Although immaterial in the context of Andersen's total income, \$1m is not a sum to be sneezed at.

## Financial Accountant/Controller

Tower Bridge/M3 Corridor Package c.£30K

Our client is a £2 million Company specialising in the design and implementation of voice and data network cabling systems. In addition to designing and installing cabling systems, the company has developed and is selling a range of software products for project managing network installations, for designing and efficiently maintaining cable network systems and for system fault-finding.

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The successful candidate needs to have experience in contract costing, setting up computerised management accounting and contract monitoring systems, office management and administration. In the short term, no more than 2 people will report to the position so a "hands-on" approach will be required. The position requires persuasive skills, assertiveness and a great deal of energy.

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ACCOUNTANCY APPOINTMENTS

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In none of the above is the AICPA as concerned as the SEC. For instance, it requires auditors to disclose loans from clients only if the loans are



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Age 27 - 35 • London/Home Counties • £35 - 40,000 + car

Probably the UK's largest producer of books, magazines and financial documents, St Ives Group plc has increased its revenue by a multiple of ten since coming to the market just over three years ago. A very fast rate of growth is continuing and creates the need for people who can step into general management positions at an early age.

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Interested applicants should write to: Tony Hodgins ACA, enclosing a comprehensive CV, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.



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WJ, not J

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Reporting to the Finance Director, your role will involve the co-ordination and management of the business planning and cost accounting functions through a professional finance team. With seven product lines operating from four manufacturing sites, the necessity to

establish and develop effective working relationships with product line management is of fundamental importance.

Aged 28-33, and a qualified accountant with at least two years' commercial experience, you will possess the flexibility and initiative to manage a large team. Strong motivation and leadership skills are therefore essential.

For the individual who can respond to such a challenging role, career opportunities within this major international group will be limited only by individual ability.

Interested applicants should telephone James Hyde on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

**ROBERT WALTERS ASSOCIATES**

RECRUITMENT CONSULTANTS  
Queens House 1 Leicester Place London WC2H 7BP  
Telephone: 01-437 0464

# GROUP FINANCE DIRECTOR

Winchester from £35,000 + car

The Medical Holdings Group (Medihold) was established last year, with institutional backing. The two founding Directors now seek an experienced accountant to help them develop the business.

Medihold started with two small companies providing equipment and services for the domiciliary homecare market. This market is expanding, stimulated by the increasing "deregulation" of health care and the continuing trend of providing nursing and post-operative support in a domiciliary environment.

These companies provide the base for expansion, both by acquisition and organic growth.

The person appointed will work closely with the Chairman and Chief Executive and carry full responsibility for financial management.

Particular emphasis and hands on responsibility for establishing good quality accounting at subsidiary and group level will be essential in the early stages.

Candidates should have broad management experience including involvement with directing small developing companies or business units. Personal experience of managing relationships with sources of external finance is essential.

Confidence, personal ambition and demonstrably sound business judgement will be highly valued. An equity stake will be available for this demanding role in a small but ambitious business.

To apply, please send full career details to Mike Smith, quoting ref. M/ACW.

# Director Group Finance

£60,000 plus Benefits

This innovative Financial Services group is a subsidiary of a substantial international banking organisation with total assets of c £3 billion. It provides both private and corporate clients with a broad spectrum of financial products including worldwide trustee services, tax planning and advice on life insurance, pensions and mortgage products. Due to internal promotion, a Director of Group Finance will be appointed to monitor the performance of all parts of the group. You will also be responsible for implementing policy, whilst acting as financial consultant to each division. Additionally, you will be concerned with the preparations for flotation.

Aged 36-42 and a Chartered Accountant, you

have experience of audit or management consultancy within the financial sector and have technical excellence in accounting and taxation. It would be beneficial to have gained knowledge of banking, insurance, stockbroking, mortgages or property investment services.

Based in Mayfair, you will command a highly competitive salary, reflecting the importance of this role. The remuneration package includes a company car and bonus scheme. Equity participation may be offered after one year.

In complete confidence, please ring or write with CV to Sophie Aslett, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 1HA. Tel: 01-235 0111.

**Simpson Crowden**  
CONSULTANTS

**KPMG Peat Marwick McLintock**  
Executive Selection and Search  
Abbots House, Abbey Street, Reading RG1 3BD

# Group Financial Controller

West Midlands £37,500-£42,500 + Car

Our Client, Apricot Computers plc is a leader in the field of computer systems, software design, systems development and computer maintenance. The company now seeks to appoint a Group Financial Controller, who will have a key role in the management of growth in an exciting and dynamic industry.

Reporting to the Group Financial Director your brief will encompass the production of Group results and forecasts to tight deadlines, the management of all taxation, treasury and company secretarial affairs, the analysis of divisional performance, acquisition studies and the development of management information systems.

The successful candidate will be a commercially astute and technically strong Chartered Accountant. You will currently be a Senior Manager

within Public Practice or alternatively possess a minimum of three years "hands-on" industrial experience within a Group/Plc environment where profit planning, tax and treasury are key issues. You will also have the prospect for progress within the financial field as well as the potential for a move to commercial management within the Group.

In return the company can offer outstanding career opportunities along with a substantial remuneration package which includes a fully-expensed car, profit share, pension scheme, share options and relocation expenses where appropriate.

Interested? Write to Tony Hodgins ACA, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, enclosing a comprehensive CV.

**Michael Page Finance**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# FINANCIAL DIRECTOR

West Country to c. £32K + car

Our Client is a major business within a British based International Group which manufactures and markets a range of quality consumer products. The business has a turnover of £36m, a high proportion of which is exported, and is a world leader in certain market segments. A Financial Director is sought, to be responsible to the Managing Director for the financial and systems functions. Candidates must be fully qualified accountants with good experience of specialist or batch manufacturing companies, and of working closely with the production and sales functions.

They must be change oriented, skilled in systems and familiar with modelling techniques, with the personal ability to identify indicators and propose solutions. While a strategic contribution to Board thinking is expected, so is the capability to carry out detailed investigation. The remuneration package includes the benefits normally associated with a large group, including relocation.

Please reply in confidence, enclosing full career details, to Michael Bailey, Bull Thompson & Associates Ltd, 8th Floor, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham, B16 8TP.

**Bull Thompson**

CORPORATE AND RECRUITMENT CONSULTANTS

# FINANCIAL CONTROLLER

West Midlands £20 - 30k + Benefits

We are an unusual, innovative and successful hi-tech company engaged in the marketing of computer systems and the data generated in the health care sector.

The company is a joint venture with a £1 billion UK plc. We will have a turnover of £5 million in the current financial year. We are well funded and expect to increase turnover at least five-fold in the next five years.

We require a Financial Controller who will report to the Managing Director. Applications should be able to run the company's computerised accounts system and provide financial information to the company's operational directors and board. This is a key senior appointment and we need someone who will also make a broad contribution to the operation and management of the company in close liaison with the company's operational directors whose style is entrepreneurial and informal. Applicants will be expected to operate flexibly in a rapidly changing environment and familiarise themselves quickly with all aspects of the company's business.

The Financial Controller will be responsible for the management of our General Office team of six which includes experienced accounts personnel.

Applicants should hold an appropriate qualification and have at least five years relevant experience. Their age is likely to be between 30 and 50. We expect applicants to be computer literate. This is an exciting opportunity to be in on the ground floor of a new international health care arena. Relocation assistance is available.

Potential candidates may obtain further written details of the post and the company by contacting our consultants Ms Janet McCracken on 01-899 3544.

# Financial Controller

Surrey/Sussex Border  
Circa £24k plus Car

Rapid growth to a turnover of £20m in this highly regarded office design company, has created a new position for a qualified accountant.

In addition to developing and controlling a new computerised financial and management information system, the successful candidate will play a significant role in a young management team committed to sustained profitable growth.

Computer awareness, business acumen and the ability to motivate, are the key factors sought, although experience within a fast moving manufacturing environment would be an advantage.

Please write with a full career resume to: Ms. M. Carroll,

## APPOINTMENTS

### ADVERTISING

Appears every Wednesday and Thursday

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Patrick Williams ext 3694

Candida Raymond ext 3351

Patrick Sherriff ext 4627





Jobs in IT

## Group Financial Controller

(to be designated)

to £35,000+ Car N.W. London

Our client is a small manufacturing and retailing group and plc, with a high reputation for quality. The company enjoys sustained growth and has a current turnover of about £5m, with plans for further rapid expansion.

A Group Financial Controller is to be appointed to control and develop the Company's accounting and financial affairs, and to play a central role in the development of financial strategies related to future growth. The person appointed will also act as Company Secretary to the Group, and as Finance Director and Company Secretary for its trading subsidiaries. It is envisaged that appointment to the Main Board would follow in due course.

The post calls for a qualified accountant with experience heading the accounting function of a small to medium sized company, preferably in manufacturing and retailing. An affinity for computers is essential. It is unlikely that anyone under 35 will have had sufficient experience.

Reporting to the Main Board, the Group Financial Controller will be supported by a small team and be responsible for accounting at the Company's London and Midlands locations. There is an excellent salary, related to experience, and benefits include a 2 litre car, pension scheme, health insurance, and share option scheme.

Please reply in confidence, with a full CV including salary details and a daytime telephone number, quoting reference 1580, to Roger Bull at the address below, or telephone him on 01-583 3303.

**BDO BINDER HAMLIN**  
BDO Binder Hamlyn Management Consultants  
8 St. Bride Street, London EC4A 4DA



## A challenge in finance, property and business

### FINANCE MANAGER

Central London

To £27k+ Bonus+Car

LENTA Business Space is an expanding company owned by Barclays Bank, BP, Midland Bank and Shell since 1980 has been part of their support for programmes to regenerate Britain's cities. Its purpose is to acquire and convert London properties into units suitable for small and start-up businesses. LENTA Business Space maintains a close working relationship with the London Enterprise Agency (LEntA), to provide small business counselling, training and advice.

The Finance Manager will be a key member of the Management Team, with responsibility for financial planning and reporting as well as overseeing the accounting and computer systems.

In addition to at least 2 years' post-qualification experience, you will need entrepreneurial flair and a thorough grasp of wider business issues. Preferably coming from a property background, you must be computer literate and have good interpersonal skills.

If you are a self-starter who would enjoy the challenge of a growing business environment, please send a copy of your CV to The Chief Executive, LENTA Business Space, Rosebery House, 70 Rosebery Avenue, London EC1R 4RR.



## A tough and resilient Financial Planning and Analysis Manager

Central London : c. £27,000 + Car and possibly more

The company is among Europe's largest information Technology providers and manufacturing is a significant vertical market, generating over £100 million a year. The division is undergoing rapid expansion and the finance function must ensure the process is orderly and profitable.

A key player will be a new Financial Planning and Analysis Manager. This is essentially a Chief Accountant role and the ideal candidate must be capable of understanding the busy and energetic Financial Controller. Graduate level intellect, an accounting qualification (preferably ACCA) and a firm grasp of the latest practices and standards are clearly called for but the job has other, crucial dimensions.

These include total immersion in rapidly evolving management policies to ensure the accounting function

stays ahead of the game; leadership of a talented team in delivering a superb service, and calm mastery of the pressure and turbulence endemic in the IT business. Integrity, presence and communication skills, gained from around ten years professional experience, are assumed and those with solid IT industry exposure will attract the upper end of the salary scale.

This job is not for the faint-hearted but the rewards, in terms of the sheer intensity of professional development and the scope for rapid career progression, are unrivalled.

Please send full career details quoting Ref. AR408 to: Ian Patterson, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LL. Tel: (0753) 888346.



## Excellent Career Opportunity



### Group Financial Controller

Telford

£30k+ Car

Our client, Wagon Industrial Holdings plc, is fast growing and dynamic. The Group is involved in a broad range of manufacturing activities and has a well defined corporate strategy. The long term prospects of the Group are excellent, and turnover is in excess of £200m.

An opportunity has now arisen for a talented accountant to join the Group as Group Financial Controller. This position will demand the ability to deal effectively with all technical issues inherent in consolidations as well as the commercial skills to make a positive contribution to the overall management of the Group.

Suitable candidates will be qualified accountants, ACA, ACCA, ACCA, probably aged between 28-35.

with an excellent track record and the personal skills necessary to act as an interface between the Head Office and subsidiaries. This role offers superb experience for an able and ambitious accountant to play a key role in a small and highly effective Head Office team.

In return for your talents the Group offers a generous salary package. If successful in this role the career opportunities may be no progress to main board level.

Interested candidates should write to Tony Hodgins ACA, Executive Director, enclosing a comprehensive curriculum vitae, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.



Michael Page Finance

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## 31 VENTURES FINANCIAL EXECUTIVES

£ competitive plus generous benefits

31 Ventures is a part of 31 Group which specialises in investing both money and management expertise in the early stages of business ventures with high growth potential and typically commensurate risk. The division operates in the UK and US and has grown an impressive and successful portfolio of companies, principally in the IT and health care sectors, giving it an unrivalled reputation in the venture capital field.

We are now looking to strengthen our small UK team through the appointment of two experienced financial executives who are qualified Accountants in your late 20's/early 30's, with at least 5 years' post-qualification commercial or industrial experience and a good academic track record. Empathy with fast-growing technology businesses and strong inter-personal skills are essential.

Your role will be to work with your colleagues in the financial appraisal, structuring and subsequent management of potential investments. You'll liaise with other syndicate members, be involved in a wide range of due diligence issues and assist companies with their financial plans and strategies.

The rewards will reflect your experience and potential. Salary is negotiable and a generous benefits package is offered. If you are ready for this exciting challenge please send your CV to Kerhleen Rawle, Personnel Manager, 31 plc, 91 Waterlun Road, London SE1 8XP. INVESTORS IN INDUSTRY



## Finance Director

NORFOLK/SUFFOLK

To £30K + CAR + EQUITY PARTICIPATION

This young established and go ahead office equipment dealership now requires a commercially oriented Finance Director. With its recently obtained venture capital backing, the Group is now poised for further rapid growth, and is expected to reach a turnover in excess of 15 million next year. Future prospects include further expansion both organically and by acquisition.

As Finance Director you will be a member of the board to assist in the commercial development of the

Group. You will be particularly responsible for organising and managing the finance and administration function, with an emphasis on producing timely information, budgetary control and planning. You will also act as the main interface between the Group's financial advisers and its venture capital investor.

A qualified accountant, you will probably be aged 28 - 35 with at least five years' of commercial experience. Personal attributes must include high

levels of energy, interpersonal skills and business acumen.

Resumes, with daytime telephone number and current salary please, to Chris Howarth, ref CH320, Coopers & Lybrand Executive Resourcing, Abacus House, Castle Park, Gloucester Street, Cambridge CB3 0AN.

Executive Resourcing Coopers & Lybrand

## PRUDENTIAL HOLBORN

### Finance Manager

Life & Pensions  
Leading Financial Services Industry  
Central London  
To £28,000, Car  
Excellent Benefits

Prudential Holborn is specifically dedicated to providing the highest standards of investment, advice and performance to the high net worth sector. This rapidly growing organisation offers a stimulating key role, created by a climate of expansion to meet the needs of a competitive market.

The successful candidates will assume total responsibility for the Financial Accountancy operations of their innovative, life and pension business areas.

Supported by a high calibre team you will control co-ordination and production of all accounting information, and demonstrate an ability to contribute to the profit-making process.

The ideal candidate will offer a minimum of two years post-qualification experience and display knowledge in life and pension accountancy procedures. Personal qualities will include an ambitious, self-motivated individual who can meet deadlines and contribute fully to the financial function.

Excellent opportunity for advancement within Britain's largest financial services group.

Candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: B.E. Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 8862, Fax: 01-734 3738, Ref: K16007/FT.

## Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON,  
MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR  
A Member of Blue Arrow plc

## CHIEF ACCOUNTANT

The British Newspaper Printing Corporation is part of the dynamic Maxwell Communication Corporation and operates in a high profile environment using leading edge technology printing facilities to produce the Mirror Group Newspaper titles in addition to other publishers' titles.

The demand for good, professional financial management is as strong as ever; subsequently we are now looking for an experienced Chief Accountant to take full responsibility for the Head Office Finance function, consolidation and statutory accounts, cash control and the maintenance of company accounting standards.

To assist with this crucial role, you will have an experienced team of seven people enabling you to concentrate on developing management information systems controlling major supply contracts and the general management of the Head Office accounting records. In addition you should have the experience to design and implement a new computerised accounts system.

For this highly responsible position you will preferably be a Chartered Accountant with strong financial accounting skills and some systems development and implementation knowledge. It is desirable for you to have some previous industrial experience and good interpersonal and man-management skills.

In return you will receive a substantial benefits package, including company car, which will be at the level you would expect from a company that breeds so much success.

If you think this is you, send your CV with details of current salary to Mr G M Bentley, Head of Personnel, British Newspaper Printing Corporation (Watford) Ltd., St Albans Road, Watford, Herts. WD2 5RD.



British Newspaper Printing Corporation plc

## NEWCASTLE INTERNATIONAL AIRPORT LTD. MANAGING DIRECTOR

£45,000 p.a.  
(to be reviewed in April)

The Managing Director is an Executive Member of the Board of Directors and has responsibility for the control of the Company's functions and objectives as defined in the Business Plan. The postholder is, at the moment, assisted by a Director of Operations and a Director of Finance and Administration.

Located 6 miles north of the City of Newcastle upon Tyne, Newcastle International Airport is a major regional airport and became a private limited company on 1st April, 1987. It handles approximately 1.5m. passengers each year and is currently undertaking a series of major schemes to improve existing facilities and upgrade operational equipment.

The postholder is granted use of a Company car and relocation expenses are payable in appropriate cases.

Applications are invited for this key post of Managing Director which will become vacant in July 1989 following the retirement of Mr. J. H. Denyer, the present postholder.

An Application Form and a detailed brief describing the post, the resources and objectives of the Airport and the staffing structure are available from Mr. E. B. Lincoln, Airport Legal Adviser, 14 Northumberland Square, North Shields, Tyne and Wear NE30 1PZ. (Telephone No. 091 257 5544.)

The closing date for applications is 20th March, 1989.

Appointments Advertising appears every

Monday - Legal Appointments  
Tuesday - General Appointments  
Thursday - Accountancy Appointments

## Financial Controller

**SOUTH MIDDX, c.£35,000 + BONUS + CAR**

A large and very successful American corporation, who are major international players in the hair care and toiletries field, have recently started up in the UK with the launch of its branded products. Well researched and backed by impressive advertising campaigns, the products have already been accepted by a number of major multiple retailers whose sales are proving to be very strong. The American parent sees this new venture as a long term strategic investment, with further developments into other lucrative European markets to follow.

The Managing Director of this new venture requires a Financial Controller to be an active participant of his small management team, collectively responsible for driving the business

through its early growth stages and eventually establishing it as a fully fledged subsidiary. You will be required to develop fully the financial and accounting function with an emphasis on the production of sound management information for controlling and planning the commercial success of the venture, including the monitoring and financial management of third party manufacturing, distributing and selling.

A qualified accountant, probably aged early 30's, ideally you should have a background in a multi-national packaged goods firm business, preferably in toiletries, in addition to small company experience. As an individual, you must be a hands-on and positive person with an

enthusiastic, entrepreneurial personality able to withstand high pressure in coping with the formation of the new company in a rapid growth situation.

Resumes, with daytime telephone number and current salary please, to Chris Howarth, re: CR558, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DA.

Executive Resourcing **Coopers & Lybrand**

## Finance Director

{ Liverpool }  
c £26,000

Our client is a leading educational establishment in the City of Liverpool who is looking ahead to the challenge of the 90's. They are now seeking to appoint an exceptional Finance Director who will lead them through the important commercial challenges they are facing.

Your key objective on taking up this position will be to assess the current financial systems and controls and implement changes where necessary.

In addition you would be responsible for:

- \* the day to day running of the finance function
- \* the negotiation of funds from external sources

\* the management and motivation of the finance staff.

This is an ideal opportunity for an ambitious finance professional to actively contribute to the organisation's success. To have gained the relevant experience you will be aged 30+ with a recognised professional qualification. You will have had the opportunity to operate at senior management level and faced the challenges of implementing change within an organisation.

Personal attributes are equally important and you should be able to demonstrate outstanding communication skills, the ability to motivate and lead a team of staff and the desire to

implement change.

In return the position offers a competitive salary, 30 days holiday per year, relocation assistance where applicable and the opportunity to work with a close knit team within the developing city of Liverpool.

Candidates should write including full career and salary details quoting reference MCS/8859 to: Penny Stocks, Executive Selection Division, Price Waterhouse Management Consultants, Livery House, 169 Edmund Street, Birmingham B3 2JB.

**Price Waterhouse**

## Financial Controller

{ Television/Film Production }  
**Package to £29,000**  
West London

An exceptional opportunity has arisen for a young qualified accountant to take a key role in the dynamic area of television sports programming. The company is the UK subsidiary of the recognised world leader in this area which has enjoyed an unparalleled record of continuing growth.

The role will be to ensure effective and efficient controls in a fast moving,

rapidly expanding environment and to provide financial expertise for a high powered and extremely entrepreneurial management team.

You will be a qualified Accountant with a minimum of two years post-qualifying experience ideally gained in a media/broadcasting environment. Experience in production accounting, working to strict projects and tight deadlines is especially sought. The

ability to remain clear-thinking and to show considerable initiative under pressure is essential.

Please write enclosing a CV to Christopher Bainton quoting reference MCS/2032 at: Executive Selection Division, Price Waterhouse Management Consultants, No. 1 London Bridge, London SE1 9QL.

**Price Waterhouse**

## Financial Director

North West

c£30,000 + Car

Our client is a highly profitable subsidiary of a dynamic and rapidly expanding UK plc. A policy of strategic acquisitions, coupled with significant capital investment in existing operations, has resulted in a growth rate which has taken group turnover to c£300m p.a.

Internal promotion has created the need for a Financial Director to assume total responsibility for the finance, data processing, company secretarial and administrative functions. This is a key appointment within the senior management team and as such you will be expected to make a significant contribution to the broader aspects of business management.

Candidates, aged 30+, should be qualified accountants, preferably with a relevant degree, who can demonstrate sound

industrial experience, ideally gained in a manufacturing environment, together with a high degree of maturity and a track record of innovation. In addition to technical ability, well developed interpersonal skills and intuitive commercial acumen are pre-requisites.

The remuneration package comprises a competitive basic salary plus performance related bonus and a fully expensed company car. Relocation assistance is available where appropriate.

Interested applicants should contact Iain Blair ACMA, quoting ref. 3091 at Michael Page Finance, Executive Division, Clarendon House, 81 Moseley Street, Manchester M2 3LQ. Telephone 061-228 0396.



**Michael Page Finance**

International Recruitment Consultants  
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham  
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

## FINANCIAL CONTROLLER

Worthing

£27,000 + car

Market leaders both in the UK and the rest of Europe, our client manufactures high quality electronic control instrumentation and is a key subsidiary within an international UK plc collectively designing and manufacturing control systems and equipment for wide industrial and manufacturing applications.

Reporting to the Finance Director the position of Financial Controller is an outstanding opportunity for a young qualified to take day-to-day responsibility for the finance department and for the provision and development of financial and management accounts during a period of significant projected growth.

Suitable applicants will be fully qualified, aged 24-32, with excellent financial and systems skills gained within a manufacturing environment. Costing experience is essential as an early project will be the detailed review and development of current systems.

The commercial acumen and interpersonal skills necessary for success in this position will ensure future prospects within this dynamic high-growth environment.

Please write enclosing your CV or telephone Richard Warner.

**MANAGEMENT PERSONNEL**  
York House, Chertsey Street, Guildford, Surrey GU1 4ET  
Telephone 0453 65566  
(0252 724671 evenings)

**Management Personnel**  
RECRUITMENT SOLUTIONS  
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NEWBURY • BRISTOL • CAMBRIDGE

## Finance Director

Satellite Broadcasting  
c. £45,000 + Bonus + Car London

Our client is the European representative of a highly successful international broadcasting group. They provide a 24 hour satellite television service, which covers the whole of Europe and targets itself at young adults. Based in London, the European operation has achieved rapid growth since its inception in 1987 and confidently expects this expansion to continue into the 1990's.

They need a Finance Director to manage the financial and administrative aspects of the business whilst ensuring that the ambitious, yet attainable, growth targets are maintained. The Financial Director will report directly to the Managing Director and will be responsible for an accounts team of ten. The role will involve a heavy emphasis on planning and strategy and will include advising the Board of directors on the financial and market implications of their decisions.

Given its current levels of growth, this position offers excellent scope for further development and foreign travel.

This is a unique opportunity for a commercially minded, energetic and diplomatic professional with the ability to succeed in a fast-moving, dynamic environment. Candidates should have had at least five years post-qualification experience, preferably gained within the entertainment industry, although this is not essential. The ideal candidate will have a bright, outgoing personality, excellent interpersonal skills and the ability to communicate at all levels.

A salary of about £45,000 is offered together with a substantial bonus, car and private health scheme. Please write in confidence to Jane Woodward at the address below, quoting reference SHA.1262.

**SH Stoy Hayward Associates**  
MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA  
FAX No: 01-487 3688  
A member of Horwath & Horwath

### FINANCIAL CONTROLLER

(Director Designate)  
N. London. £25K + Car

Our clients have established an excellent reputation for imaginative design and quality manufacture in the field of Aluminium Engineered Structures and Products.

A solid business base highlighted by involvement in some of the more innovative and high profile building projects in recent years gives an interesting mix.

Recognising the importance of strong financial and administrative management in the next expansion phase the Directors seek a Qualified Accountant with experience gained in the construction (or similar) industry ideally including contracting.

Essentials are the ability to upgrade financial control and management systems (computerised), head an effective accounts/admin. team in three separate sites and contribute strongly to the management structure.

For further details telephone Pat Redfern on 0403 51289 or send a meaningful C.V. to:-  
Redfern Associates, 27 Laughton Road, Horsham, Sussex RH12 4EJ

### A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and sound presentation.

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InterExec clients do not need to find or apply for appointments. Over 50 full-time staff with over 5,000 undeveloped vacancies p.a. enable InterExec to offer the only confidential Executive placement service. What is each unproductive day costing you?

For an exploratory meeting without obligation, telephone InterExec on 01-930 8041/7

A member of the Career Development & Outplacement Division



**FOR ACCOUNTANTS**

### INVESTIGATIONS ACCOUNTANT

Location Negotiable c£25,000 + Bonus + Car

Our client is a marketing led public group which has expanded rapidly over recent years both through acquisition and organic growth. Their interests are diverse and include manufacturing, distribution, retail and financial services.

Continuing growth (both in the U.K. and Europe) combined with the increasing complexity of the group's activities have led to the requirement for a senior manager to improve the existing management structure by introducing an in-house proactive consultancy arm.

Reporting directly to the Group Finance Director your brief will be to undertake commercially orientated investigations at subsidiary companies, which will include the examination and appraisal of management information reporting systems. Other projects such as acquisition work will be carried out on an ad hoc basis.

There will be considerable liaison with general management at subsidiary level and hence it is imperative that the successful candidate can communicate effectively and if need be initiate and implement action programmes.

Candidates will be ambitious qualified accountants possessing a mature and profit motivated approach combined with a strong and tenacious personality.

The geographical spread of the group's subsidiaries together with the amount of travel and time away envisaged in this role dictates that home location is not of prime importance although a base within travelling distance of the Midlands or Yorkshire would be useful.

Our client offers an attractive remuneration package combined with excellent career prospects at senior level.

For further information please contact **Alyn Pearce ACA** quoting ref. 895/35371 at Daniels, Bates Partnership Ltd., Yorkshire Bank Chambers, 11A Smithy Row Nottingham NG1 2BY or telephone him on 0602 483321.

**Daniels Bates Partnership**  
PROFESSIONAL RECRUITMENT

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Hull (0482) 263887

## WHITBREAD

## OPERATIONAL AUDIT MANAGER

Central London c£45,000 + car

Our client, Whitbread Plc, is a major force within the UK retail and leisure industries and is expanding into overseas markets. Turnover currently exceeds £1.5 billion.

The function of the audit department is to give reassurance to the company's executive on the management and control of autonomous business units and to identify and recommend profit improvement opportunities.

An experienced manager is required to head up a sizeable audit department of qualified staff reviewing systems, controls and policies throughout all business areas and appraising strategic issues.

Preferred applicants will be chartered accountants aged around 35 with an audit background ideally with a retail and finec bias. It is essential that applicants have a good commercial approach and the credibility to deal with board members and senior management and to progress to a senior line position within three years of appointment.

Please send career and personal details quoting reference F/019/A to Carrie Andrews.

**Ernst & Whinney**  
Executive Recruitment Services  
Becket House, 1 Lambeth Palace Road, London SE1 7EU

*Handwritten note: 011 10110*

Jobs in IT

## Develop your financial skills with an international group

London, W1 c£27,000+Car+Benefits

We are the autonomous British subsidiary of a Western European energy group, one of the 'Majors' of the oil industry. Firmly established in this country for some twenty-five years, our exploration and production activities in the key area of the North Sea have kept us at the forefront of our sector.

An excellent opportunity has arisen at our London Headquarters, which will carry responsibility for the group financial accounting function of a highly profitable £200 million turnover business. The successful applicant's key tasks will include direct responsibility for a team of 8 finance staff, management of the periodic financial and statutory accounting functions, sales accounting, and group reporting requirements. Additionally, you will be expected to develop relationships with

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Applicants aged 27-33, will be qualified accountants who can demonstrate achievement in their careers to date coupled with a positive approach and well-developed interpersonal skills. Travel is anticipated to locations including California, Paris and Munich and some business French would be an advantage, although this is not essential. Interested candidates should telephone Barbara Burke on 01-831 2000 or alternatively, write to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. BB26.



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This position is with the County Commercial Services of Northamptonshire County Council. It has recently been set up as a new department with responsibility for carrying out various established trading activities of the County Council. In the first instance, primary responsibility will be for the County Contracting Division which carries out the maintenance and construction of highways, grounds maintenance and central transport services with a turnover of \$11 million.

You will be responsible for all financial and commercial activities within County Contracting but eventually you will also assume responsibility for the other divisions of County Commercial Services.

The scope of the position is wide in that besides the usual control over financial information, budgeting and cash control, there are ample opportunities to exercise your skills in the areas of overall policy formulation, business improvement strategy and customer relations. This business is in the process of introducing new management information systems, improving the monitoring of business plans and generally raising the profile of the finance department with operating managers.

You will be a qualified accountant, probably in your late 20's or early 30's, commercial in approach and with good information technology skills. You should be well versed in

problem solving and should possess good communication techniques. The remuneration package includes a car for which a private use charge will be made.

Resumes please, including daytime telephone number and indication of present salary, to John Elcott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 6JT, quoting reference JES1.

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For the right candidate, career prospects are excellent, and relocation expenses will be offered where appropriate. Please apply in writing, enclosing a full Curriculum Vitae, to the company's advisor, Sharon Turnbull, Mercuri Urval Limited, Ship Canal House, Kings Street, Manchester M2 4WU, quoting ref: 71/89.

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The successful candidate is likely to have at least two years' post-qualification experience gained in industry and will probably be in the age range 27 to 34. He/she should be able to demonstrate a record of improving systems along with strong man-management skills.

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Career prospects are excellent and include the opportunity within 2 years to take on a subsidiary controllership, either overseas or in the UK. There is also the chance to move into general management. For further details, please contact ANDREW LIVESSEY on 01-404 3155, or write to him at Alderwick Peachell & Partners Ltd., Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA.

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Further details are available from Lynda Anderson, Personnel Offices, on 01-639 8000 extension 4031. Detailed CVs should be sent to her at:

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Interested candidates should apply, in complete confidence, to:

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Telephone 01-841 7151.

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This key appointment is crucial to the long term strategy of the company and provides considerable scope for career advancement. Reporting to the Managing Director, full responsibility will be taken for all group financial reporting matters which comprise: financial planning, establishing effective production control systems, computer systems development, taxation and all statutory matters.

Candidates will be qualified accountants with a minimum of 10 years management experience. As well as proven technical abilities, an essential quality will be strong interpersonal skills and the ability to motivate others.

A generous remuneration package consists of a basic salary, relocation costs (where needed), car and a range of benefits.

To obtain further information, please send a detailed CV, in confidence, to Charles E. S. Cotton, ASA International Ltd, Ludgate House, 107-111 Fleet Street, London EC4A 2AB, or telephone 01-353 1244.

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Apple Computer Europe

## International Audit Manager

Paris Base

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The ideal candidate should have a strong background in a professional audit firm and subsequent multinational experience

£65-75k + Car + Stock Options

either within internal audit or financial control. Exceptional candidates within the profession will, however, be considered. Knowledge of European languages will be an obvious advantage.

As the selected person will be a true business partner of the various local management teams, the position could lead to senior management opportunities in other functions throughout the Corporation.

Please contact Ivor Alex in strict confidence in Paris on (010) 331 42 89 30 03 or write to him enclosing a comprehensive curriculum vitae and quoting reference no: IA 1513 FT at

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You will be a qualified Accountant or MBA with relevant experience gained in a commercial, highly-disciplined environment, ideally in the fmec or service sectors. You will also be self-confident but tactful, a team-player, a good communicator and possess strong powers of persuasion.

If you can rise to the challenge of this role you should write, enclosing a current CV and salary details, to Harry Chryssaphes, RA, MBA, FCA, at: FMS, 14 Cork Street, London W1X 1PF (Tel: 01-491 3431).

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Additionally, as a senior member of the management team, you will make a significant contribution to formulating and implementing the company's strategy for its future development.

Candidates must have a professional accountancy qualification, preferably coupled with a degree and at least four years experience gained within industry.

Write with full c.v. to Mrs. Jenny Langley, Personnel and Pensions Officer, Reed Plastic Containers, Kilburn Road, Oakham, Rutland, Leicestershire LE15 6QL. For more information tel. (0572) 723771.

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Initially, the successful candidate will be located in the Company/Commercial Department providing advice on tax aspects of corporate reconstructions

benefits and terminations, partnerships and tax aspects of land development. Applications are invited from Members of the Accounting profession or others, possessing relevant tax experience in excess of five years, with developed client and management skills.

All enquiries will be treated in strict confidence. Interested candidates are invited to write, enclosing full Curriculum Vitae, to Beinda Woodcock at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH, quoting Ref: LM091. Alternatively they may wish to telephone her on 01-480 7766, during office hours, for a confidential discussion.



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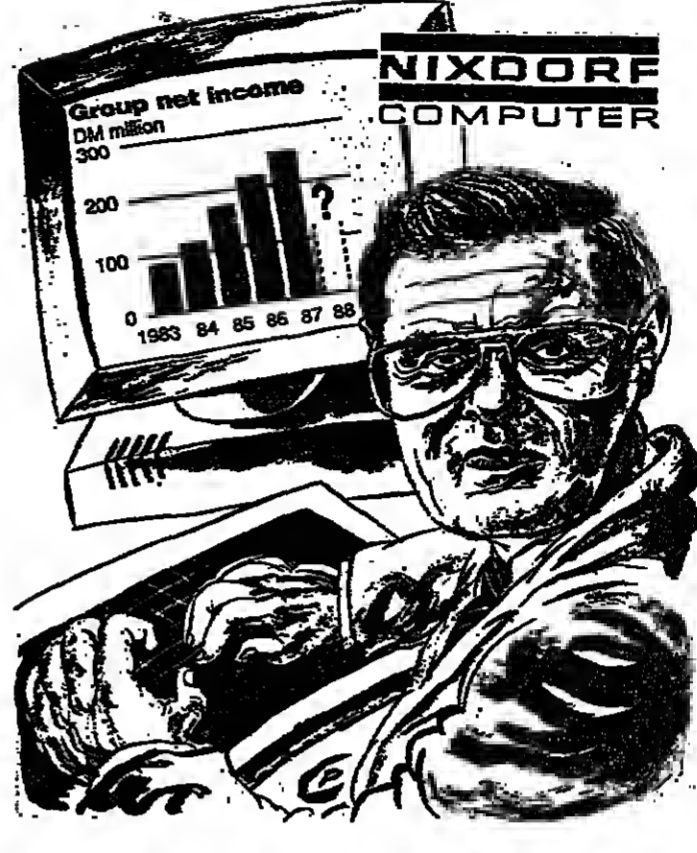
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FINANCIAL TIMES COMPANIES & MARKETS Thursday February 23 1989

OCS CLEANING SECURITY REFINISHMENT HYGIENE

Sofo shuts down as tax hits trading

By Sara Webb in Stockholm. SWEDEN'S Options and Futures Exchange (Sofo), the smaller of two options exchanges in Stockholm, surprised the financial community in Sweden yesterday by suddenly announcing it is closing due to lack of business.



The glamour fades quickly at Nixdorf

Andrew Fisher on the problems of a West German computer maker. Nixdorf has opened the curtain a little wider on what has turned out to be a disastrous year for the West German computer company.

prevented clear thinking along strict sector lines, a handicap recently overcome by setting up strictly defined management responsibilities for banking, retail, small business, and big institutional clients.

Common industry standards, which have been widely accepted by users, have made it easier for rivals to eat into Nixdorf's markets

Analysts expect the company to announce an operating loss for 1988, with property sales providing enough cash for the shrunken dividend and for restructuring and development needs.

NatWest buys US bank for \$282m

By David Lasseles, Banking Editor, in London. NATIONAL Westminster Bank, the largest UK clearing bank, is adding to its banking network in the north-eastern US with the \$282m agreed acquisition of a New Jersey bank.

ICI reflects on image of success

"We could do with a good recession," that was the not entirely tongue-in-cheek remark muttered by a top executive at Imperial Chemical Industries, Britain's biggest chemicals company, which in recent years has experienced a few problems.

Germany embarks on voyage into the futures market

Germany is preparing its belated push into the highly competitive world of futures and options trading. The ultimate aim - to create a German exchange with the highest regulatory standards which will trade products that appeal to international institutions - unites all the schools of thought.

Cultures clash on Wall Street

Wall Street's image of a Raul Gardini (left), chairman of the Italy's Feruzzi-Montedison group, has been somewhat sullied by the disastrous Aussenrat affair.

Dutch courage in the Amsterdam market

Tracking the performance of the Amsterdam stock market requires a bit of Dutch courage these days. Equity investors there have the dubious honour of being able to choose from 30 share indices.

Fueled by co-operative spirit

As the show of moderation will encourage members of the Organisation for Petroleum Exporting Countries cartel to show more restraint in the future and help build a more co-operative spirit.

Procordia drops Bassett bid

By Lisa Wood in London. CADBURY SCHWEPPE'S, the UK soft drinks and confectionery group, yesterday appeared to be the victor in the takeover battle for Bassett Foods.

Woolworth adopts new plumage

By Maggie Urry in London. AFTER years of thought and months of research, Woolworth Holdings, the large British retailer, is adopting bright new plumage - by changing its name to Kingfisher.

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Market Statistics table listing various indices and their values, including London share price, FT-100, and various commodity prices.

INTERNATIONAL COMPANIES AND FINANCE

Gulliver sells 67% holding in Jacksons

By David Waller in London

MR JAMES GULLIVER, the former chairman of the UK retailing group, Argyle, has abandoned his attempts to turn Jacksons Bourne End, a UK property shell with interests in shoe components manufacturing, into a broadly based leisure group.

Instead, he and his business associates have sold their 67 per cent stake in the Buckinghamshire-based group to Vassella, a private company run by three property entrepreneurs, Mr Leo Noy, Mr Mark Gurney and Mr Berish Berger, for £3.5m (\$14.96m).

A statement from Mr Gulliver's office said the move would free him to concentrate on his larger quoted investments, which include London's Queensway, the group that took over Harris Queensway last summer, and Waverley Cameron, the stationer.

The Scottish entrepreneur and his business associates, principally Select Country Hotels, took a 60 per cent stake in Jacksons in January last year for £5.7m. That holding was subsequently increased to 67 per cent.

Danish savings bank takeover

By Hilary Barnes in Copenhagen

DK SPAREKASSEN, the Danish savings bank which ran into difficulties last autumn, has been taken over by Bikuben, the country's second largest savings bank.

Bikuben is acquiring a regional savings bank with 45 branches and a balance sheet total of DKr4.2bn (\$1.12bn). The acquisition has caused Bikuben to postpone for a month a planned conversion from its status as a self-owned institution to a joint stock company.

This is now planned for April 28. Bikuben meanwhile reported a rise in pre-tax profits from DKr32m in 1987 to DKr317m last year, despite loss provisions and depreciation rising from DKr224m to DKr37m. The balance sheet total rose from DKr5.4bn to DKr6.0bn.

Paribas unit buys 20% Australian drug group stake

By Paul Betts in Paris

PARIBAS, the French financial group, has acquired a 19.9 per cent stake in Western Capital, an Australian group specialising in pharmaceuticals, as part of its efforts to build up a portfolio of industrial interests in the health care and pharmaceutical sector.

At the beginning of this year, Paribas launched a subsidiary, Paribas Sante, which specialises in taking stakes in promising pharmaceutical ventures. This has now acquired stakes of between 15 and 35 per cent in four ventures, including the Australian company and a homeopathic laboratory in Switzerland.

Paribas Sante has so far invested about FFr200m (\$45m) in its various stakes. Paribas did not disclose yesterday how much it had paid for Western Capital, which controls a pharmaceutical com-

Cookson raises stake in Johnson Matthey to 8%

By Clare Pearson in London

COOKSON GROUP, the UK specialist metals and chemicals company, has increased its stake in Johnson Matthey to 8 per cent, apparently signalling its determination to play a role in the future of the UK precious metals and materials technology group.

The move was interpreted as showing that Cookson wanted a place at the bargaining table if there were any change in the status of JM, which has substantial links with the network of companies controlled by the South African Oppenheimer empire. Many of these companies - which include Anglo American, the South African mining house, and Minorco, the Luxembourg based investment group - are currently involved in considerable upheaval.

Cookson revealed an initial 6.3 per cent stake last summer and said then that it could be interested in almost all areas of JM's business aside from platinum activities - which account for about half of its

Belgian retailer sees strong advance

By William Dawkins in Brussels

GIB, Belgium's largest supermarket group and the country's biggest employer, expects consolidated net profits for 1988 to rise by between 15 and 20 per cent, on a 20 to 22 per cent turnover increase.

This implies that profits for the year ended January 31 will be roughly FFr2.2bn (\$57m), against the previous year's FFr1.9bn, with turnover up from FFr140.8bn to FFr170bn, said the company, formerly known as GB-Immo-BM. The directors estimated that the current year should produce a net surplus of around FFr1.5bn. Final accounts are due in May.

All the group's activities were profitable except for its smallest supermarkets, some restaurants and its traditional central city department stores, said Mr Francois Vaxelaire, group president. GIB will spend a record FFr4.4bn this year - 18 per cent more than in 1988 - on upgrading its Belgian supermarkets and introducing new technology for management, plus FFr1.1bn on its home improvement stores in the UK, Portugal and Spain. GIB also has interests in the US and France.

GIB's announcement left the shares unchanged at FFr1,404. The group's activities were profitable except for its smallest supermarkets, some restaurants and its traditional central city department stores, said Mr Francois Vaxelaire, group president. GIB will spend a record FFr4.4bn this year - 18 per cent more than in 1988 - on upgrading its Belgian supermarkets and introducing new technology for management, plus FFr1.1bn on its home improvement stores in the UK, Portugal and Spain. GIB also has interests in the US and France.

Addidas to alter legal status

ADDIDAS, the West German sporting goods group, said it will convert its legal form into an Aktiengesellschaft, a public stock company, but does not plan a public share offering, AP-DJ reports.

The new parent company, Addidas AG, will incorporate the domestic operations and will act as a holding company for the foreign subsidiaries. The move was necessary to adapt Addidas' structure to the needs of a large and international corporation.

Addidas' nominal capital will be DM120m (\$65m), to be held in equal shares by the families of the five children of the late Mr Adolf Dassler, the founder.

The Peasant falls foul of NY arbs

Alan Friedman on the failed bid to buy out the Ausimont minority

IF the story of Raul Gardini's failed attempt to buy out minority shareholders in his Montedison group's Wall Street-quoted Ausimont subsidiary had been a sporting event it might have been called "The New York Arbs vs. the Peasant from Ravenna."

But the controversial \$200m offer by Montedison to boost its control of the Dutch-registered specialty chemicals company from 72.5 per cent to 100 per cent was not a sporting event; it was a disastrously handled financial operation that has blocked Montedison's plans for Ausimont and at the same time sullied the image on Wall Street of Mr Gardini, who because of his agrarian roots is known by the nickname-loving Italian press as Il Contadino, or The Peasant.

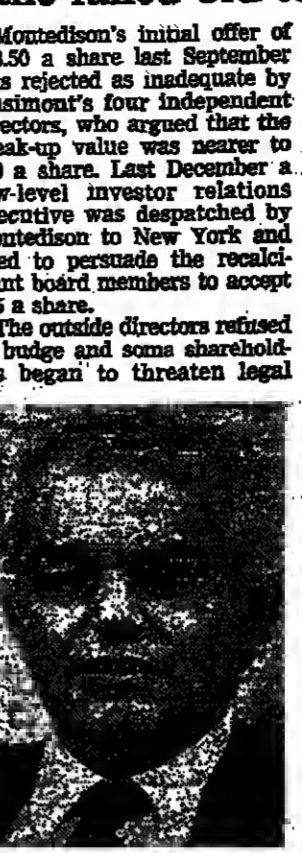
The story of the Ausimont affair, although it may appear to be merely a conflict between arbitrageur-investors on Wall Street and Italy's second biggest private sector group, is, however, replete with broader implications for the way Italian companies approach the US investment community.

For a European agricultural and chemicals concern such as Mr Gardini's Ferruzzi-Montedison group there may be lessons to be learned, in terms of both style and substance when dealing with non-Italian financial institutions. For Wall Street the case may illustrate the difficulties of trying to apply Anglo-Saxon standards to operations by Italian industrialists used to having their own way in the small and clubby market of Milan. Above all, the Ausimont affair is an example of a colossal clash of cultures.

The facts relating to the Ausimont saga can be summarised briefly enough: last year a debt-ridden Mr Gardini considered selling off the Montedison subsidiary and caused Ausimont to commission a study by Morgan Stanley, the US investment bank, of options including Ausimont's potential break-up value.

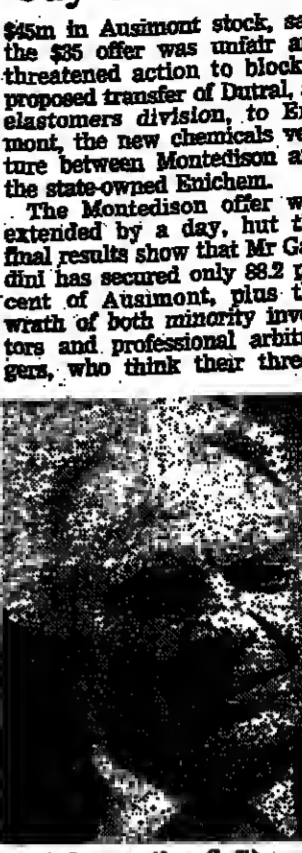
Last autumn Mr Gardini changed his mind and decided instead to try to buy up the 27.4 per cent of Ausimont he did not already own. It was essential that Montedison secure at least 65 per cent of Ausimont, enough to block Mr Gardini's plan fully to incorporate the company.

Moreover, Oppenheimer, with an investment of around \$45m in Ausimont stock, said the \$35 offer was unfair and threatened action to block a proposed transfer of DuPont, an Enlastomers division, to Enimont, the new chemicals venture between Montedison and the state-owned Enichem. The Montedison offer was extended by a day, but the final results show that Mr Gardini has secured only 88.2 per cent of Ausimont, plus the wrath of both minority investors and professional arbitrageurs, who think their threat-



Alexander Giacco, Montedison chief executive (left), is not regarded as a long-term Raul Gardini man.

action. But Mr Gardini, or those who advised him, remained adamant and Ausimont's own board was unable to endorse or reject the Montedison \$35 a share bid, which was launched on January 20. Morgan Stanley, which has served as dealer-manager of the Ausimont offer, told Montedison it believed that \$35 a share was a fair price. But did Morgan Stanley - in the light of already apparent opposition to the \$35 offer - advise Mr Gardini to offer more? The bank yesterday declined to comment on the matter.



Raul Gardini, Ausimont CEO, is regarded as a long-term Montedison man.

With minority investors in New York threatening class action lawsuits against Montedison and the Ausimont offer set to close last week a new development further aggravated the situation: Oppenheimer, a New York investment firm, disclosed it held 52 per cent of Ausimont, enough to block Mr Gardini's plan fully to incorporate the company. Moreover, Oppenheimer, with an investment of around \$45m in Ausimont stock, said the \$35 offer was unfair and threatened action to block a proposed transfer of DuPont, an Enlastomers division, to Enimont, the new chemicals venture between Montedison and the state-owned Enichem. The Montedison offer was extended by a day, but the final results show that Mr Gardini has secured only 88.2 per cent of Ausimont, plus the wrath of both minority investors and professional arbitrageurs, who think their threat-

approach: at Montedison he has filled some top jobs with family friends and a handful of Ferruzzi aides so that decision-making is highly centralised.

Mr Alexander Giacco, a 69-year-old American who formerly ran Hercules, the US chemicals group, was named chief executive of Montedison last year, but he is not considered a long-term Gardini man. Indeed executives inside Montedison have suggested that Mr Giacco was instrumental in insisting on the \$35 offer for Ausimont, a decision that one informed observer described as "a macho stance that has cost us dearly." Montedison has thus far declined to comment on the Ausimont affair and neither Mr Gardini nor Mr Giacco have been available for interviews.

In New York Mr Jim Harmon, one of the four Ausimont independent directors who criticised the \$35 offer, has described the situation as "a terrible tragedy for all concerned." Mr Harmon and others in the US warn that Mr Gardini's refusal to pay a dollar or two more on Wall Street could prove costly in legal fees and time.

Whether the Ausimont affair leads to a protracted legal dispute or not remains to be seen, but Mr Gardini's image in the US has already been tarnished.

One Ausimont institutional investor on Wall Street grumbled that "for a few dollars more Gardini could have settled this thing." In Milan, a wall of silence surrounded the whole affair. Mr Giacco, when he addressed US analysts in New York last week, said he could not talk about Ausimont.

The damage resulting from what is essentially a smallish matter may be seen in future if and when Enimont seeks to raise funds from American investors. In Italy, where Mr Gardini's financial restructuring of the Ferruzzi-Montedison group has been helped by the protection of Mediobanca, the powerful merchant bank, it is still possible to thumb one's nose at market criticism.

But in the strange tale of the "New York Arbs vs. the Peasant from Ravenna," Mr Gardini has got himself the Wall Street equivalent of a bloody nose.

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The Extraordinary General Meeting of Shareholders of Mercury Offshore Sterling Trust held on 15th February, 1989 having been unable to consider and vote on the resolutions pertaining to the amendment of the Company's Articles of Association, since the quorum imposed for such resolutions was not reached, an Adjourned Extraordinary General Meeting of Shareholders of Mercury Offshore Sterling Trust will be held at its registered office at 10, boulevard Roosevelt, Luxembourg, at 11.00 a.m. on 23rd March, 1989 for the purposes of considering and voting upon the following matters:

MBOs - WHO'S NEXT
BPCC buy-out - January 1989 Finance raised £265 million
HAYS PLC buy-out - November 1987 Finance raised £260 million
HUMBERCLYDE FINANCE GROUP buy-out - September 1987 Finance raised £204 million
CARADON PLC buy-out - October 1985 Finance raised £66.7 million
FAIREY GROUP PLC buy-out - December 1986 Finance raised £50 million
RENTCO INTERNATIONAL buy-out - May 1987 Finance raised £45.8 million
FLOTATION - JULY 1987
DWEK GROUP buy-out - September 1988 Finance raised £38.1 million
TALLENT ENGINEERING buy-out - January 1989 Finance raised £11 million
RECHEM ENVIRONMENTAL SERVICES PLC buy-out - December 1985 Finance raised £2.25 million
FLOTATION - MAY 1988
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INTERNATIONAL COMPANIES AND FINANCE

### Ashok to lift spending after profit doubles

By David Housego in New Delhi

**ASHOK LEYLAND**, the Indian truck and bus group, plans a big increase in investment after more than doubling pre-tax profits last year to Rs205m (US\$42.2m).

The group, which was recently taken over by the Hinduja family and Iveco, a subsidiary of Renault, has announced that it will invest Rs1.1m over the next two years compared with Rs290m over the past 24 months. Part of the investment is to go towards developing new buses and trucks for export in conjunction with the Fiat group. Mr Ram Shabney, the company's managing director, said that the "new breed" of products would be defined by June.

Ashok Leyland's turnover rose by 25 per cent last year to Rs2.2m, on the back of a 17 per cent surge in domestic demand for medium and heavy vehicles. Unit production rose 13 per cent to 18,027 vehicles.

The sharp increase in new investment is to be financed in part out of a new convertible debenture issue intended to raise Rs15m. Mr Shabney made clear that "the quantum jump" in investment over the next two years was part of longer-term expansion plans.

The Hindujas, the wealthy London-based Indian trading group with large industrial ambitions in India, bought the 39 per cent British stake in Ashok Leyland from the Rover group in 1987. Iveco was brought in to provide the company with new designs and technology.

The Renault investment will also go towards rehabilitating the company's parent plant at Madras.

### Mayne Nickless moves ahead 40%

By Chris Sherwell in Sydney

**IMPROVED EARNINGS** from its transport businesses and strong performances in Australia and the UK have pushed interim profits 40.3 per cent higher at Mayne Nickless, the Melbourne-based international transport and security services group.

Figures released yesterday for the six months to January 1 showed after-tax profits increased to A\$51.9m (US\$42.2m) from A\$37m in the same period last year. On an equity-accounted basis, they rose 42.4 per cent to A\$57.2m.

Consolidated group revenues climbed 15.6 per cent to A\$892m, and rose above A\$1.1m when associates were included. Directors said they

expected a "good result" for the second half based on January and February figures.

A detailed breakdown of the results revealed that revenues and earnings from the group's security services were flat, so that the bulk of the improvement in the group's performance was attributable to transport services.

Both the US and Canada, on the other hand, recorded falls in profit and revenue, with the

US plunging into the red because of losses at Loomis Armoured.

Unlike some Australian companies, which have recently complained about the strength of the Australian dollar, Mayne Nickless said yesterday its reported profit was "not materially impacted" by the currency's appreciation "due to the spread of the company's operations and the currency hedging programmes in place."

Directors declared an interim dividend of 15 Australian cents per share, up 70 per cent on the previous figure after adjusting for the one-for-five scrip issue during the year. The dividend is fully franked.

### Koor forecasts return to black after 1988 losses

By Andrew Whitley in Jerusalem

**KOOR INDUSTRIES**, the leading Israeli group which recently reached agreement with its creditors on a debt restructuring programme, has forecast a return to profitability this year, after heavy losses in 1988.

A report submitted yesterday to its parent organisation, Hevrat Ha'Ovdim, the holding company of Israel's labour federation, revealed that overall losses in 1988 were likely to exceed Sh1500m (US\$377m).

Half of this came from extraordinary costs resulting from layoffs and factory closures.

Operational profitability for wholly-owned subsidiaries is estimated to reach Sh150m this year. Overall, though,

Koor Industries will probably remain in the red during 1989.

As part of its recovery programme, Koor is to embark this month on an internal reorganisation. This will involve a reduction in the number of its operating divisions and further dismissals of managerial staff.

The group says it will lay off another 2,000 workers this year bringing the total workforce down to 24,470. At its peak, Koor employed over 31,000 people.

A hitch has, meanwhile, arisen in hopes that the winding-up request filed in the Tel Aviv District Court last October by Bankers Trust, a leading creditor, will shortly be withdrawn. Israeli bankers say the problem concerns the foreign creditors' demand that they help supervise Koor's disposal of its assets.

### Former BNZ chief details differences with Caygill

By Dai Hayward in Wellington

**CONCERN** that the Bank of New Zealand may pass into overseas ownership was one of the main differences between the New Zealand Government and Mr Rob Campbell, the former acting BNZ chairman, who resigned on Tuesday.

Mr Campbell, who will remain on the board, knew before he resigned that he was not one of the Government's choices for the new chairman and deputy chairman. Yesterday he outlined some of the factors leading to the difference of opinion between himself and Mr David Caygill, the Finance Minister.

Fundamental to all these is the Government's wish to sell BNZ as soon as possible. The sale has been in abeyance since late last year, when it failed to attract a sufficiently high price. Mr Campbell believes the sale process should be halted to allow the bank to concentrate on rebuild-

ing stability. It should not be sold in a way that will allow overseas ownership to pass into overseas hands, he said.

Later yesterday, Mr David Lange, the Prime Minister, and Mr Caygill agreed at a meeting instigated by the Prime Minister to investigate Mr Campbell's comments. A spokesman for Mr Lange said the purpose of the meeting was to "stop the affairs of the bank being discussed in the public forum."

Mr Campbell said he had agreed not to expand his views publicly. He had earlier said some of the advisors to the BNZ could not distinguish between "a trading bank and a piggy bank."

Mr Caygill has said the Government will consider bids from overseas buyers that meet the necessary criteria. Elders Financial Group, and the National Australia Bank are among potential overseas buyers known to be interested.

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February 1989

INTERNATIONAL APPOINTMENTS

### Seagram designates a son of chairman as next president

By Robert Gibbens in Montreal

**MR EDGAR Brunfinan Jr**, 34, will become president and chief operating officer of the Canadian Seagram group, the world's largest drinks company, on July 1.

A son of Mr Edgar, Brunfinan, of New York, chairman and chief executive of Seagram, Mr Brunfinan Jr has been executive vice president of Seagram's US operation since last August. He will remain in that post until succeeding as group president in July Mr David Sacks, who has been appointed vice chairman.

Edgar and his brother Charles, co-chairman of Seagram, had a public tiff over the succession three years ago when Edgar said Edgar Jr rather than Sam, his eldest son, would be the next head of Seagram. Later, Charles accepted this, but a clear division was made between the family of Charles in Canada, and that of Edgar's in New York.

On July 1, Mr Sacks will also take up a position as president of the United Jewish Appeal Federation of Jewish Philan-

thropies of New York.

**MR GEORGE Ebright**, a well-regarded executive who recently resigned as president and chief operating officer of SmithKline Beecham, the large Philadelphia-based drugs group, has been named president and chief executive officer of Cytogen, a small US pharmaceuticals company.

Mr Ebright's departure a month ago from SmithKline, which has been facing severe problems in its main drug markets, followed differences with Mr Henry Wendt, chairman and chief executive. At Cytogen, Mr Ebright succeeds Mr Robert Johnston, who remains chairman.

**EATON**, the US automotive parts and electrical equipment manufacturer, announced that Mr William Butler, formerly president of its automotive components division, has been named corporation president and chief operating officer.

Mr Alfred Rankin Jr, 47, Eaton vice chairman and COO since 1986, is leaving to join

Nacco Industries, a coal mining and manufacturing concern less than a quarter of the size of Eaton. The Rankin family has held major holdings in Nacco for many years.

The move appears to place Mr Butler, who is 57 and a 32-year veteran of the company, in position to succeed Mr James Stover, 62, who has given up the post of president but remains chairman and chief executive at Eaton.

Mr Rankin succeeds Mr Ward Smith as Nacco president and also becomes COO, while the latter retains the chairman and chief executive roles.

**THE** New York-based Prudential-Bache Securities, a worldwide investment banking and brokerage concern, has made Mr W. James Tozer Jr president and chief operating officer.

The company is a subsidiary of Prudential Insurance Company of America, which is owned by its policy holders and is the largest US insurance firm.

Mr Tozer replaces Mr James T. Barton as president, the latter having moved to the role of vice chairman, focusing on client and industry relationships. Mr Tozer left Marine Midland Bank in 1987 after serving as one of its top officers, and since had been managing a portfolio of personal investments and business ventures.


**THE** BOARD of Public Service of Colorado elected Mr Delwin D. Hook as chairman designate. He will take up the position on February 28, as well as remaining president and chief executive.

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Notice is hereby given that the Rate of Interest for the period February 23, 1989 to May 23, 1989 has been fixed at 9.8875% and that the interest payable on the relevant Interest Payment Date, May 23, 1989 against Coupon No. 11 in respect of US\$10,000 nominal of the Notes will be US\$244.44.  
February 23, 1989, London  
By: Citicorp, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

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**HARRISON'S MALAYSIAN PLANTATIONS BERHAD**  
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**NOTICE OF CLOSURE OF REGISTER OF MEMBERS FOR BONUS ENTITLEMENT**  
**NOTICE IS HEREBY GIVEN** that the Register of Members of the Company will be closed on the 16th day of March, 1989, for the purpose of determining shareholders' entitlement of the additional 422,991,214 ordinary shares of S1- each in the share capital of the Company arising from a bonus issue of one (1) new share for every one (1) existing share held.  
Registrable transfers received by the Company's Branch Registrar, Messrs. Baring Brothers & Company Limited, Bourne House, 34 Beekenhof Road, Beckenham, Kent BR3 4TU, up to 5.00 p.m. on the 15th day of March 1989, will be entitled to the bonus shares.  
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Mohd. Nader Mahmud  
Secretary  
Kuala Lumpur  
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growth of the business which is at the start of a significant period of expansion. Candidates should be able to demonstrate successful past achievement in this respect together with the interpersonal skills required to manage change. Applicants are unlikely to be aged over 40 and should be qualified accountants. Compensation will include mortgage subsidy, a quality car and relocation costs if required. Please reply in writing quoting current remuneration and giving a daytime telephone number. Applications will be

acknowledged and forwarded to our client unless a covering letter gives contrary instructions. Replies to Finance Smith quoting Ref: IS 521, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DG.

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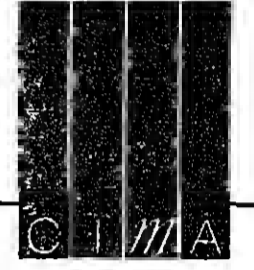
Impact Marketing Consultants, (Ref 1025), Telfords Yard, 6-8 The Highway, London E1.

# KING'S SCHOOL, ROCHESTER

**BURSAR**  
The Governors invite applications for the post of Bursar to succeed Mr. K. B. Hiscock from 1st August 1989. Salary: King's Scale with annual incremental allowance equivalent to Baker Head's Scale 10. Full particulars of the post may be obtained from The Clerk to the Governors, King's School, Sails House, Botley Hill, Rochester, Kent ME1 1TE.

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To manage the entire Financial Accounting area. It is envisaged you will play a major role in the introduction of new systems and in the ongoing review of all systems. Send full C.V. to: Michael Price Executive Search Division Hynes Associates, Walls House, 77-79 Walls Street, London W1. Tel: 580-5622 Fax: 323-1107



# The Chartered Institute of Management Accountants DIRECTOR OF FINANCE AND ADMINISTRATION

CIMA wishes to appoint a director to this new and senior post at its head office in central London. He or she will be directly responsible to the Secretary for all matters concerning the Institute's finances, computer services, personnel and general administration, and have a staff of approximately 45. The person appointed will be a professionally qualified accountant and possess several years' broad managerial experience. Salary circa. £32,500 per annum. Please apply in writing with full C.V. to: Sir George Vallings KCB The Secretary The Chartered Institute of Management Accountants 60 Portland Place LONDON W1N 4AB Closing date: 15 March 1989

# Manchester Business School University of Manchester

**CHAIR IN STRATEGIC MANAGEMENT**  
The University invites applications for a newly funded Chair in Strategic Management. The person appointed will join Professor D. F. Channon in developing a major research initiative in strategic management. The salary will be in the normal professional range with U.S.S. superannuation benefits. Informal enquiries should be made to either Professor Channon or the Dean of the Faculty of Business Administration. Detailed applications (suitable for photocopying) containing the names of three referees should reach the Registrar, The University, Manchester M13 9PL (from whom further particulars may be obtained) before March 17th (Tel. 061-275 2020). Quote ref. 44/89/FT. The University is an equal opportunities employer.

# CASTLE COMMUNICATIONS

**CHIEF ACCOUNTANT ENTERTAINMENT INDUSTRY**  
£24,000 + Car + Benefits  
Castle Communications PLC is a US - quoted company based in Putney in the music and video industries with a dynamic record of growth, both internally and by acquisition. Due to rapid expansion a new post of Chief Accountant reporting to the Finance Director, has been created with responsibility for accounting controls, management reporting, financial accounting and the maintenance and development of computer systems. We are seeking applications from qualified accountants aged 25 to 30, who are keen to develop their careers in a fast-moving environment, and can demonstrate strong commercial potential and a detailed knowledge of computers (preferably with knowledge of Xenix-based systems). Please send full personal and career details to: Chief Accountant, Castle Communications PLC, 15-16 Northfield Prospect, Putney Bridge Road, London SW16 1PE 01-8774922. No agencies. Closing Date for Applications: 1st March 1989

# NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 2nd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £49 per Single Column Centimetre; Special positions are available by arrangement at £59.00 per SCC.

# GUIDE TO RECRUITMENT CONSULTANTS

Entries in the guide will be charged at £75.00, which includes your Company name, address and telephone number. Any additional information will be charged at £14.00 per line.

For further information please contact:  
Paul Maraviglia  
or  
Deirdre McCarthy  
or your usual  
Financial Times Representative  
on 01-248-8000

NEW ISSUE

This announcement appears as a matter of record only.

February, 1989



SANKEN ELECTRIC CO., LTD.

U.S. \$150,000,000

4 3/8 per cent. Guaranteed Bonds 1993

with Warrants

to subscribe for shares of common stock of Sanken Electric Co., Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by

THE SAITAMA BANK, LTD.

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Saitama Finance International Limited

Credit Suisse First Boston Limited

IBJ International Limited

BSI-Banca della Svizzera Italiana

Baring Brothers & Co., Limited

BNP Capital Markets Limited

Crédit Lyonnais

Deutsche Bank Capital Markets Limited

Robert Fleming & Co. Limited

Leu Securities Limited

Maruman Securities (Europe) Limited

Mitsubishi Finance International Limited

Mitsui Finance International Limited

Morgan Grenfell Securities Limited

Morgan Stanley International

New Japan Securities Europe Limited

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited

Sanwa International Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Volksbank

Universal (U.K.) Limited

Wako International (Europe) Limited

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

22nd February, 1989



KEIO TEITO ELECTRIC RAILWAY CO., LTD.

U.S. \$200,000,000

4 1/4 per cent. Bonds 1993

with Warrants

to subscribe for shares of common stock of Keio Teito Electric Railway Co., Ltd.

Issue Price 100 per cent.

Nomura International Limited

Daiwa Europe Limited

Banque Paribas Capital Markets Limited

Barclays de Zoete Wedd Limited

Baring Brothers & Co., Limited

Deutsche Bank Capital Markets Limited

Dresdner Bank

Robert Fleming & Co. Limited

IBJ International Limited

Kleinwort Benson Limited

Merrill Lynch International & Co.

Mitsubishi Finance International Limited

Mitsubishi Trust International Limited

Mitsui Trust International Limited

Morgan Stanley International

Salomon Brothers International Limited

Shearson Lehman Hutton International

Sumitomo Trust International Limited

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

KOKUSAI Europe Limited

New Japan Securities Europe Limited

Nippon Kangyo Kakumar (Europe) Limited

Sanyo International Limited

INTERNATIONAL CAPITAL MARKETS

Tumbling pound depresses the Eurosterling sector

By Norma Cohen

EUROSTERLING bond prices fell as much as 1/2 to 3/4 among longer issues, extending losses scored earlier this week, amid a further weakening in sterling. The pound slid below DM3.21, prompting concern that still higher UK interest rates will be needed to defend it.

with gilts or with futures, becomes ineffective when Eurosterling issues fall faster than the government bond market. In the new issues market, Nordic Investment Bank, via Salomon Brothers, launched a DM500m 10-year issue bearing

about 10 basis points below that of the NIB. While both issues are rated AAA, investors assign a higher value to NIB issues. Meanwhile, dollar-denominated issues suffered after news of a 0.6 per cent rise in the US consumer price index for January, more than had been expected.

INTERNATIONAL BONDS

a coupon of 6% per cent and priced at 101 1/2. While the pricing was deemed reasonable for the borrower, rated AAA, dealers said the issue suffered from adverse market conditions. In the D-Mark Eurobond market, prices dropped as much as 1/2 points over the day. By the end of the day, the lead manager said the issue had fallen outside its 2 1/2 per cent fees to show a loss at less 2.90 bid.

Several Eurosterling issues launched within the past week are now well outside their fees, most notably BNC Mortgage Notes number 122, which are now quoted at less than bid against full fees of 1 1/2 per cent.

The concern for dealers with treasury still on their books is that hedging, which is done

CBOT's watchdog system under fire

By Deborah Hargreaves in Chicago

AS THE massive FBI fraud probe continues in Chicago's markets, the Chicago Board of Trade has been forced to defend its surveillance procedures against criticism by the industry's regulator on its inadequacy in spotting trading abuse.

The Commodity Futures Trading Commission, which reviewed the CBOT from mid-1987 to mid-1988, reports that the exchange's computer monitoring systems are deficient in tracking potential trading abuse.

The agency has further demanded a monthly report from the CBOT on its routine investigations of trading violations, which the CFTC says are taking too long to complete.

The CFTC's report is a blow for the exchange as it struggles to defend its integrity in the midst of the far-reaching FBI probe in Chicago. Congressional committees have already called into question the Chicago exchange's self-policing systems.

For its part, the CBOT says it has already addressed many of the issues raised by the CFTC report. The exchange recently announced it was earmarking \$1m to upgrade its computerised trade reconstruction system (CTR) to extend the trade tracking system to all exchange contracts.

CTR combines trade data with time and sales information to calculate the time each trade was made. It is a system the CBOT has been very proud of, although the CFTC called it inadequate. The CFTC also questioned some of the trading information processed by the exchange, which had incomplete trading times recorded on members' report cards.

The CFTC faces re-authorization by Congress later this year, where its abilities as a regulator will be discussed. House Rep. Glenn English, who is heading an investigation by the House Agriculture Committee into the CFTC's effectiveness, called on the agency to put a moratorium on all new contracts.

Since last September, the CFTC has approved 12 new futures and options contracts, but Mr English said in a letter to the agency that he believes it should take a "more cautious" attitude. The Chicago Mercantile Exchange said any delay in authorising new products will affect the ability of the US to compete on world markets.

Broker offers Toyota Motor bonds at 109

By Norma Cohen

TOYOTA MOTOR Corporation's Ecu100m 8 per cent bonds due 1994 have been offered for sale through a Eurobond broker at a price of 109 against an issue price of 101 1/2, market sources said.

The bonds, which were launched on January 30, have not been available for sale in the market at any price virtually since launch date. At the time, lead manager Credit Suisse First Boston capitalised on short-selling by other Eurobond dealers and purchased about 120 per cent of the issue.

Dealers had speculated that CSFB would try to charge higher prices for the bonds to those dealers who had been co-managers in the offering, but who had sold more bonds than they owned in hopes of buying them back more cheaply later on.

Swiss to amend money supply calculations

THE SWISS National Bank will in future publish seasonally adjusted central bank money supply figures, replacing its practice of reporting figures adjusted for end-month distortions, Reuter reports. In an advance summary of its February monthly report, it said the new system had become necessary because of the introduction of new bank liquidity requirements last year as part of a new interbank clearing system.

Goldman Sachs to open unit in Singapore

GOLDMAN SACHS plans to open in April a wholly-owned subsidiary in Singapore with a broker dealer licence to deal in international securities. By June it plans also to trade physical oil and oil futures, Reuter reports. The US securities house said one reason was the move was the new Simex oil futures market, which facilitates physical trading.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Includes entries for Nordic Investment Bank, US DOLLARS, and AUSTRALIAN DOLLARS.

With equity warrants. Convertible. Final terms. Put options indicated at: a) 300,000 at 104 1/2 to yield 2.25%, b) 300,000 at 104 1/2 to yield 2.27%, c) 300,000 at 104 1/2 to yield 2.27%, d) 300,000 at 104 1/2 to yield 2.27%, e) 300,000 at 104 1/2 to yield 2.27%, f) 300,000 at 104 1/2 to yield 2.27%, g) 300,000 at 104 1/2 to yield 2.27%, h) 300,000 at 104 1/2 to yield 2.27%, i) 300,000 at 104 1/2 to yield 2.27%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Large table with columns: US DOLLAR, STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and various bond listings with columns for Issued, Bid, Offer, Day, Week, Yield.

Handwritten note: "Liffe is a life"

INTERNATIONAL CAPITAL MARKETS

Jump in inflation index lowers US Treasuries

US TREASURY bonds slumped yesterday after the release of figures showing a 0.6 per cent jump in consumer prices in January, somewhat above market expectations...

At mid-session, bond prices were quoted as much as 1/2 point lower. The Treasury's benchmark long bond stood 1/2 point down at mid-session for a yield of 8.11 per cent.

THE TIMING of sterling's drop remains something of a mystery, although the absence of a government bond sale... The FT-100 rose 1.11 points to 2,265.26 at mid-session.

BENCHMARK GOVERNMENT BONDS table with columns for Coupon, Red Date, Price, Change, Yield, Week, Month, and Age.

Liffe accelerates the tempo in technology race

IN THE technology wars being waged by futures and options exchanges around the world, the London International Financial Futures Exchange (Liffe) has a further shot with its announcement of a deal with quote vendor Telestar...

West German futures face tough debut

The financial instrument that bankers know best in the West German market is the Bund future, which is being introduced by Deutsche Terminboerse...

But there could soon be a whiff of optimism in the air. When it opens next year, the DTF will spearhead Germany's bid to join the world of futures and options trading.

Together, the two will increase Liffe's competitiveness in D-Mark products and undoubtedly make it more difficult for the DTF to win back business, despite the fact that the bulk of the underlying cash market for Bunds is in Germany.

ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

EQUITY GROUPS & SUB-SECTIONS table with columns for Index, Day's Change, and various sub-sections like CAPITAL GOODS, BUILDING MATERIALS, etc.

FIXED INTEREST

Table showing Average Gross Redemption Yields for various maturities and types of bonds.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY table showing British Funds, Commodity and Foreign Bonds, etc.

LONDON RECENT ISSUES

EQUITIES table with columns for Issue, Amount, Date, and Price.

FIXED INTEREST STOCKS

Table with columns for Issue, Amount, Date, and Price for fixed interest stocks.

RIGHTS OFFERS

Table with columns for Issue, Amount, Date, and Price for rights offers.

TRADITIONAL OPTIONS

Table with columns for Issue, Amount, Date, and Price for traditional options.

LONDON TRADED OPTIONS

EXPIRY DAY in individual stocks with contracts closeable in February were a dominating feature in the London Traded Options Market yesterday.

The trading in options in Gas was exceptional for the fact that it was a March, rather than a February expiry. A crossed deal was reported by a broker, amounting to buy 1,000 contracts in the call and selling 1,000 in the puts.

an opening of position in September 180 puts, which alone attracted 2,100 contracts, of which 2,000 contracts represented an opening of interest.

The February expiry stocks to attract attention had among them Cadbury Schweppes, which found 5,754 contracts, made up of 4,564 calls and 1,190 puts.

There was business of 2,788 contracts in Rascel, mostly call, and 2,313 in Trusthouse Forte, almost entirely call.

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UK COMPANY NEWS

**Bowater makes West German freight disposal to P&O for £45m**  
**Concentration on core activities**

By Andrew Hill

**PENINSULAR AND ORIENTAL** Steam Navigation Company (P&O) is to buy Bowater Industries' West German freight services subsidiary for £45m in cash.

P&O will buy Bowater Beteiligungs, which owns 96.2 per cent of Rheinaria Schiffahrts- und Speditionen, and all of Roba and Mondia Kirwan, freight handling, storage and distribution companies.

Bowater put the businesses up for sale last November as part of its drive to concentrate on core operations of print and packaging, coating and laminating, building materials and Australian interests.

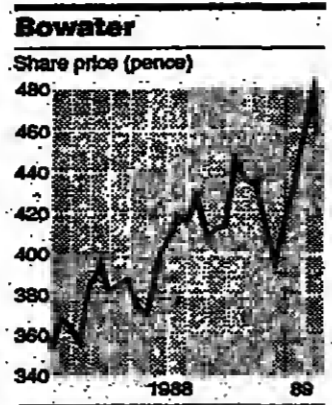
Three weeks ago, Bowater sold Amas Holding, a customs and warehousing operation based in the Netherlands, for £125m (£65.7m) to a freight forwarder.

warding subsidiary of Ratos, a Spanish holding company.

The proceeds will be used to accelerate the expansion of the core business. As part of this strategy, Bowater mounted an £81m counter-bid for Chamberlain Phipps, the shoe components and adhesives group, on Tuesday.

Rheinaria is based in Mannheim, and also has operations in France, through Mondia Kirwan, Switzerland, through Roba, Holland and Austria. In the year to December 31 1988 the group and its subsidiaries made £25m before tax, with operating assets of about £15m.

P&O's chief executive, John P&O's existing European transportation network, which includes Ferrymasters, P&O Roadlinks, and some P&O Containers operations.



P&O deferred shares dropped from 685p to 665p in a weak market, and Bowater shares fell from 11p to 65p.

circular to shareholders explaining last month's £73m acquisition of a 25.85 per cent stake in Norton Opax, the specialist and security printer.

Bowater, which hopes to develop a close working relationship with Norton, said the printer's major strength lay in its leadership in certain niche markets.

"The activities of Bowater and Norton Opax are complementary", the statement said.

Bowater wants to be a supportive shareholder. But, according to Norton, has refused to rule out a bid for the printer within the year.

The packaging group said disposals of non-core businesses would reduce the group's gearing even after taking the Norton stake purchase into account.

**Technical error delays Bett Bros AGM**

By Nikki Tait

**BETT BROTHERS**, the Scottish property developer and householder, yesterday announced it had postponed its annual general meeting from February 24 to March 23 because of "a technical error."

However, the company went on to say that the chairman would then report that "the events in the first half of year support his optimism at the end of last year."

It added that the board was "very confident that profits for the half year to end-February will be substantially ahead of those achieved in the corresponding period in 1987/8." In that period, Bett made £213,000 before tax.

The technical error, according to the company, involved the posting of Bett's accounts one day late. It said that the matter had been brought to the company's attention by a shareholder, but that the investor had contacted them via solicitors and the company did not know his identity.

The company added that the sale of some land at Staines to a joint venture company owned by London and Edinburgh Trust had produced a "significant surplus" accruing to its property development activities. It has also sold one of its Glasgow developments at a profit, and says overall profits elsewhere are running at a "satisfactory" level.

Last year Yale and Valor and Land Securities were also obliged to postpone meetings for a similar reason - that is, late posting of documents.

**Seaforth stake in Owen & Robinson increased to 23%**

By Clay Harris

**SEAFORTH** Investments, a privately owned leisurewear and lighting company, has increased its holding in Owen & Robinson, the jewellery retailer and wholesaler, to 23 per cent.

Mr Maurice Dwek and Mr Tom Forsyth, Seaforth's two new representatives on the Owen & Robinson board, meanwhile, were meeting yesterday with the company's other directors.

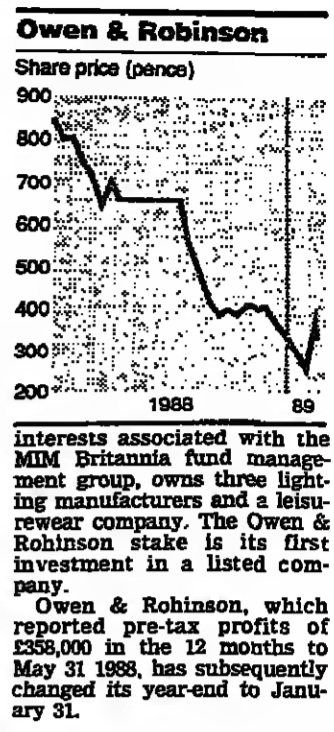
The latest 50,000 shares, like the initial 21 per cent holding bought last week, changed hands at 300p. Seaforth is thought to be ready to buy sufficient shares at this price to take its holding to 29.9 per cent.

Most of the shares have come from former directors and their families. Current directors have not sold any shares.

Seaforth's self-imposed limit on the price it is willing to pay depressed Owen & Robinson shares yesterday. They finished 20p lower at 325p, giving the group a market value of £8m.

Mr Dwek, who took over last week as chairman of Owen & Robinson, and Mr Forsyth are both former directors of Dwek Group, the leisurewear and furniture manufacturer.

Seaforth, a company half owned by Mr Dwek and half by



**Bowater nets 7.48% of Chamberlain**

By Philip Coggan

**BOWATER INDUSTRIES**, the packaging and industrial products group, said yesterday that Tuesday's raid on the shares of Chamberlain Phipps had netted a 7.48 per cent stake in the shoe components and adhesives company.

On the same day, Bowater launched an £81m cash bid for Chamberlain Phipps, topping a

£75m recommended offer from Evode, the plastics and chemicals group.

The board of Chamberlain Phipps has yet to formally accept or reject the Bowater offer. Evode, which has a 4 per cent stake in Chamberlain, says it stands by the terms and the industrial logic of its offer.

The Bowater offer is 220p in cash, with a loan note alternative. The Evode offer - 10 ordinary plus 21 convertible preference shares for every 20 in Chamberlain - is worth 198.6p per share or around £75m in total.

There was little activity in Chamberlain Phipps' shares yesterday - the SEAQ

system showed that only 163,000 shares were traded - and the institutions appear to be waiting for a statement from the Chamberlain board.

S G Warburg is advising Bowater. Evode is advised by Morgan Grenfell and Chamberlain Phipps by Baring Brothers.

**Meyer sells Bambergers**

By Nikki Tait

**Meyer International**, the builders' and timber merchant, is selling Bambergers, a wholly-owned subsidiary whose sole activity is a wharfing operation on the River Crouch for £3.95m cash. The buyer is shipping company, Ship-Link UK.

Meyer, which lost out in the bid battle for Travis & Arnold but recently acquired the UK's main interests in a selling computers, photocopiers and facsimile machines.

BTS's pre-tax profits fell to £81,000 (£107,000) on increased turnover of £5.65m (£4.99m). Earnings per share dropped from 1.96p to 1.03p. No interim

**BTS slips 24% midway**

By John Thompson

**BTS GROUP**, the Midlands-based remoulded tyres and replacement battery company, yesterday reported a 24.3 per cent fall in pre-tax profits in the six months to September 30, but signalled its intention to diversify into the office services market through the acquisition of Hilcon for up to £5m.

Hilcon supplies and maintains office systems throughout the UK. Its main interests are in selling computers, photocopiers and facsimile machines.

BTS's pre-tax profits fell to £81,000 (£107,000) on increased turnover of £5.65m (£4.99m). Earnings per share dropped from 1.96p to 1.03p. No interim

dividend (1.5p in 1987) is planned.

Mr Michael Scorey, chairman, said the interim figures were not necessarily indicative of the full year's results, but added that sales in the second half had already been hit by mild weather affecting battery sales and price cutting by competitors.

The company had responded aggressively to defend its market and had reduced margins, but expected to benefit in the long term. BTS's precision engineering business, he said, was benefiting from buoyant industrial demand and was improving profitability.

The company claims that it has changed direction since a

new management team took over in November 1988. Manufacturing and distribution activities are being streamlined which will allow the group to sell its central warehouse by the end of the current year. This will release about £1m which will be re-invested in developing the business.

BTS has also decided to diversify and intends to become "the UK's first fully integrated office equipment and services group". The acquisition of Hilcon is the first step in implementing this strategy.

In the year to February 28 1988, Hilcon posted pre-tax profits of £516,000 on turnover of £7.5m. Its net assets at that date were £1.15m.

**Miss World may raise bid**

By Philip Coggan

**MISS WORLD**, the local radio and beauty contest group, yesterday confirmed that it was prepared to make an increased 400p per voting share bid for Piccadilly Radio, provided the offer was recommended by the latter's board.

On Monday and Tuesday, a Piccadilly egm was thrown into confusion by a further approach from Miss World, which owns the Red Rose chain of radio stations.

The Piccadilly meeting had been called to discuss a merger with Midlands Radio. Blocking the merger is a condition of the

Miss World bid. However, because of the Miss World approach a vote on the merger was not taken and the meeting was postponed until March 20.

At the rescheduled meeting, there will be a vote on a change to the company's articles, to allow one shareholder to own more than 15 per cent. Unless that vote, which requires a 75 per cent majority, is passed the Miss World bid cannot succeed.

Yesterday, Mr Colin Walters, chief executive of Piccadilly Radio, issued a statement

attacking the lack of detail in the revised Miss World approach. "We note that Miss World refers to a cash alternative" he said "but we are concerned that the precise parameters of the cash alternative have not been spelt out. I do not see how Miss World expects our directors to give proper consideration to the recommendation that it is requesting."

"Until such time as all aspects of the new offer are announced we will not be able to recommend it", he said.

COMPANY NEWS IN BRIEF

**AVONMORE FOODS** is buying the Westmeath Co-operative Agricultural and Dairy Society for a maximum consideration, including deferred payments, of some £8.5m (£7.65m).

**HAMPSON INDUSTRIES** has acquired the PE Group, a Kent-based manufacturer and supplier of aluminium products for use in double glazing. The deal will be financed by the issue of £2m worth of cumulative convertible redeemable preference shares, of which £300,000 worth will be placed. The balance will be retained by P Bingham, the

principal shareholder in PE. **HOGG ROBINSON & Gardner** Mountain & Capel-Cure Agencies, the wholly-owned Lloyds members' agency of HRGM, has acquired KC Webb (Underwriting) for about £125,000 cash. Further consideration of about £100,000 is dependent on future results.

**LEIGH INTERESTS** has acquired a waste disposal business at Cliffe, near Selby, from Mr Michael Simpson. It will be combined with J E Bartram to consolidate the company's position in the area. Mr Simpson will retain his helicopter

spraying and property interests. **RODIME** is ceasing manufacture at its Boca Raton, Florida, plant and will only use it for rental product assembly and disk drive engineering. A further 100 employees will be served redundancy notices, following the 50 given notice earlier this month.

**ST DAVID'S** Investment Trust: interim dividend 4p (3.5p) for the six months to January 31. Net asset value 162.44p (£137.38p) per capital share. Pre-tax revenue £257,000 (£237,000) and earnings 4.69p (4.22p).

All these securities having been sold, this announcement appears as a matter of record only.

**Granada Group PLC**

Placing of

**£75,000,000 11¼ per cent. Bonds 2019**

Issue Price 101.162 per cent.

Arranged and underwritten by

**S.G. Warburg Securities**

All these securities having been sold, this announcement appears as a matter of record only.

**NATIONAL & PROVINCIAL BUILDING SOCIETY**

Issue of up to

**£200,000,000 Floating Rate Notes 1999**

of which £100,000,000 has been issued as the Initial Tranche at an issue price of 100 per cent.

S.G. Warburg Securities	J. P. Morgan Securities Ltd.
Amsterdam-Rotterdam N.V.	IBJ International Limited
Credit Suisse First Boston Limited	Chase Investment Bank
Goldman Sachs International Limited	Deutsche Bank Capital Markets Limited
Kansallis Banking Group	Hambros Bank Limited
Mitsubishi Finance International Limited	Kleinwort Benson Limited
Shearson Lehman Hutton International	Sandi International Bank
Swiss Bank Corporation	Al-Bank Al-Saudi Al-Alami Limited
Investment Banking	Sumitomo Finance International
Union Bank of Switzerland (Securities) Limited	TSB England & Wales plc

UK COMPANY NEWS

FII keeps step in depressed market

By Alice Rawsthorn

FII GROUP, one of the largest footwear manufacturers in the UK, achieved static pre-tax profits of £3.23m in the first half of the year despite the depressed state of the shoe industry.

In the last 18 months the UK industry has been hit by a sharp surge of imports from low cost producers in South East Asia. This has imposed pressure on profitability and depressed output at many shoe companies.

FII experienced a fall in profits in its 1987/88 financial year. The level of demand improved towards the end of the first half of this year, however, and it managed to maintain interim profits.

Mr Monty Sumray, chairman, said the recovery has continued in the opening weeks of the second half and the group's factories are all

working on "full-time or over-time" to keep pace with demand.

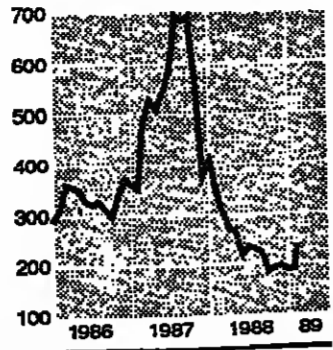
Group turnover rose to £32.85m (£30.89m) in the six months to November 30. Earnings per share increased to 17.6p (17.4p) and the interim dividend is being raised to 3.5p (3.25p).

FII held a cash surplus of £5m at the end of the interim period. Mr Sumray said it intends to continue with its heavy capital expenditure programme. The group recently invested in "quick response" programmes for its footwear factories. It is now putting money in computer-aided design and water jet cutting systems.

It has also invested heavily in research and development for its scientific division, which provided about 5 per cent of turnover in the first half. The

FII Group

Share price (pence)



division is now expanding outside the UK and now intends to grow by acquisition.

COMMENT FII is a phenomenon in the footwear industry. For years it

has invested heavily to equip its factories with the most modern machinery. The investment has stood it in good stead in the last year or so. At a time when the industry has been scarred by job losses and company closures, FII has managed to maintain interim profits. The state of the shoe trade is still precarious and it would be foolish to make forecasts in so erratic an environment. But FII should at least maintain - and possibly increase - its profits in the full year. The City was far from enthusiastic about footwear when the industry was in a healthy state and the current crisis has simply confirmed its worst suspicions. FII's share price, which has crumbled during the crisis, was static at 235p yesterday. It will take a long time before the City is confident enough to allow it to recover.

Sutton Water turns down offer for part of its voting stock

By Andrew Hill

SUTTON DISTRICT Water Company yesterday rejected the tender offer for part of its voting stock from Mr Duncan Saville, the Sydney-based investor.

The board of the statutory company met Mr Saville on Tuesday. Sutton said he had not convinced the company that it would benefit from an increase in his stake.

A week ago Mr Saville offered £15.10 in cash for each £1 nominal of Sutton's 7 per cent and 4.9 per cent voting stock, through his investment vehicle, Associated Insurance Pension Fund, in an attempt to lift his holding from 12.5 per cent to 29.9 per cent.

But over 40 per cent of Sutton's shareholders have already said they will not accept the offer, which compares with a market price of £16.50 for each £1 nominal of

voting stock. The price was £10.50 before Mr Saville paid £15 per stock unit in January to increase his holding.

Mr Saville believes he could help bring together the boards of water companies to their mutual advantage. He also holds a 28 per cent stake in Sutton's neighbour, East Surrey. Both companies are in the Thames Water Authority's region.

AIFP has been reducing its stakes in four water companies in Southern Water Authority's region, and may well commit its remaining stake to agreed unconditional offers from two French suppliers, Compagnie Générale des Eaux and SAUR Water Services.

Together with Southern, AIFP launched unsuccessful counter-bids for two of the statutory companies in the area earlier this year.

Isotron expands 19% to £1.2m

By Peter Franklin

ISOTRON, the company which specialises in gamma irradiation services, announced a 19 per cent increase in pre-tax profits from £970,000 to £1.15m in the half-year to end-December 1988.

The result was achieved from a 7 per cent increase in turnover to £2.36m (£2.21m).

Profit at the operating level rose to £1.06m (£957,000) and interest receivable increased to £86,000 (£13,000).

After a tax charge of £402,000 (£340,000), earnings per share worked through at 6.1p (5.1p)

and directors have declared an improved interim dividend of 0.87p (0.72p).

Isotron harnesses the properties of gamma rays to sterilise products such as medical disposables and pharmaceutical ingredients.

One of the main advantages of the process is that it can be carried out on products ready for distribution in their final packaging.

Mr Colin Clive, chairman, said all five plants were operating well. The biological sector made good progress through-

out the half year, with an even wider range of products being irradiated.

Good results were also achieved in the chemical sector, which together with the biological market represents one-third of turnover, he said.

The medical business had grown only marginally over the period because of a slow first quarter, he said, but with the market for medical disposables now buoyant he anticipated improved performance from this sector in the second half.

Meggitt in £0.3m sale

Meggitt Holdings, a specialist engineering group, yesterday announced the sale of three non-core businesses for £312,000.

The disposals follow a decision to reorganise its divisional structure.

Meggitt Machine Tools and Circuit Automation have been sold to their management. Bestobell Insulation Services, thermal insulation contracting business, has been sold to Darchem, the Darlington-based engineering group.

The three businesses had a combined turnover of £4.6m.

Robertshaw continues to build Hicking stake

ROBERTSHAW Holdings, the private property development company run by Mr Stuart Robertshaw, continues to build its stake in Hicking Pentecost, the Nottingham-based knitwear manufacturer and dyer.

It was announced yesterday that Robertshaw had bought another 91,500 shares lifting its total holding to 1,072,500, 16.8 per cent of Hicking Pentecost's

share capital. On Monday, it was revealed that Robertshaw had acquired a 14.25 per cent stake and this was subsequently increased to 15.37 per cent.

Mr Stephen Hyde, Hicking Pentecost's chairman, said yesterday: "The logic of the holding is still unclear to me." Mr Hyde and Mr Robertshaw are to meet later this week.



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FINANCIAL TIMES CONFERENCES

RETAILING IN THE 90s - THE ROLE OF TECHNOLOGY
London, 20 & 21 March 1989

The FT's latest conference on retailing will review the changing market conditions and the growing importance of new powerful technologies and innovation for retailers. The conference will be chaired by James Gulliver of the Retail Consortium. Speakers include Sophie Mirman, Sock Shop International; John Thompson, Index Group; John Barry, The Boots Company; Felix Barber, The Boston Consulting Group; Jeremy Soper, W H Smith; Gareth Williams, Marks and Spencer and Robert Bramley, Allied Breweries.

TRANSPORT LINKS WITH THE CONTINENT - COLLABORATION TO MEET THE CHALLENGES OF FUTURE GROWTH
London, 9 & 10 May 1989

This major FT forum on transport links with the Continent will look at the challenges for transport planners and businessmen of meeting future growth traffic demands and the effect of the Channel Tunnel, the biggest transport project in Europe.

Speakers taking part include: The Rt Hon Paul Channon, MP, Secretary of State for Transport, UK, Jean Bouley, Union Internationale des Chemins de fer, Alstair Morton, Eurotunnel, Sir Robert Reid, CBE, British Railways Board and Sir Jeffrey Sterling, CBE, The Peninsular and Oriental Steam Navigation Company.

EUROPEAN BANKING FORUM IN VENICE
Venice, 15 & 16 May 1989

Two years ago the Financial Times arranged a highly successful European Banking Forum in Milan. On May 15 and 16 the FT returns to Italy for a further meeting in this series. Another excellent group of Italian speakers has accepted our invitation to participate and the contributors from the rest of Europe and from the United States cover a wider range of subjects than was the case in 1987. Banking in the Single European Market is one of the principal themes at this year's Forum.

The speakers include Deputy Prime Minister Professor Giuliano Amato, Jean-Yves Haberer, President of Crédit Lyonnais, Anthony Solomon, Non-Executive Chairman of S.G Warburg Inc, Win Elschoff, Chairman of Schroders, Hans-Joerg Rudloff, Chairman of CSFB, Emilio Botin, President of Banco Santander, Geoffrey Fitchew, Head of DG 'XV in Brussels, Sergio Pininfarina, President of Confindustria, Francesco Paolo Mattioli, General Manager of Fiat, Martin Taylor of Deloitte Haskins & Sells, Professor Norbert Walter, Chief Economist of Deutsche Bank, Robin Hutton, Director-General of the British Merchant Banking and Securities Houses Association and former Head of DG XV, Samuel Brittan of the Financial Times and Professor Mario Monti of Bocconi University.

All enquiries should be addressed to: Financial Times Conference Organisation, 128 Jermyn Street, London SW1Y 4JJ. Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

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Table titled 'PUBLIC WORKS LOAN BOARD RATES' with columns for loan terms (e.g., Over 1 up to 2), by BPY, and interest rates.

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Prices taken at 5pm and change is from previous close at 9pm

TECHNOLOGY

A shop window on the world of on-screen layouts

Paul Abrahams explains how Harrods and other retailers are using computer-aided design to make the most of their floor space



These can be built up by the designers, who file images digitally for use on similar projects. This is particularly handy for chains of stores which use many of the same items on different sites. Andrew McMullen, who is in charge of the Cad system at McColl, the London-based architects and interior designers, explains that his company has built up a number of databases for retail clients such as Dorothy Perkins, part of the Burton Group, and HMV. He says that HMV's design details, which include doors, checkout points and record racks, are expected to be used when the music retailer sets up stores outside the UK. McColl has recently completed design work on the standard components for the refurbishment of the Halifax Building Society outlets. All of the items, such as consultancy desks, tables, furniture for the reception area and even the queuing system, were digitised so that they could be used on other sites around the country. The Royal Institute of British Architects also offers a range of about 60 databases with more general information about furniture, sanitary fittings and plumbing. These include details about manufacturers and the price of goods. The data can be used to build up a shopping list of items needed for a building, as well as the potential cost. McMullen explains that previously these had to be worked out by hand, which was expensive, time-consuming and often inaccurate. "The databases can also be 'intelligent' in working out the engineering and technical tolerances of buildings," says Neil McLeod, technical marketing manager at Intergraph, the Alabama-based Cad workstation manufacturer. This means, for example, that the software can warn a designer that he has placed too many lights in his plans, risking overload of the electrical circuits. A further advantage of Cad systems, according to Watson at Tesco, is that it allows architectural teams to work more efficiently. Any changes that are made to a base plan, he says, immediately appear on other architects' drawings. "The retail sector has been looking at Cad for the last two years," he says. "But it is only in the last six months that the

Cutting the cost of radio phones

PHILIPS Components, the Dutch manufacturer of semiconductor chips and other electronic components, has succeeded in reducing the number of chips in cellular radio telephones by about 60 per cent.

The Eindhoven-based company claims that it is the first to market a chip set tailored to the needs of the next generation of pocket-sized, battery-powered cellular phones. There are only six chips in the Philips set whereas a dozen or more are needed in many designs.

The number of discrete electronic components (capacitors, resistors) are also reduced and Philips believes that the whole radio-phone design can now be implemented on a single printed board, compared with up to eight in conventional designs.

Cutting the number of chips reduces the number of interconnections and hence the cost of manufacturing and testing reliability is improved as well. It should also be possible to get new radio-phone products to market more quickly because less design time is needed.

The Philips designers have also made more use of "stand-by mode" circuits in which no current flows until signals are present. This should increase the battery life of a hand portable from its present one hour, approximately, to continuous use.

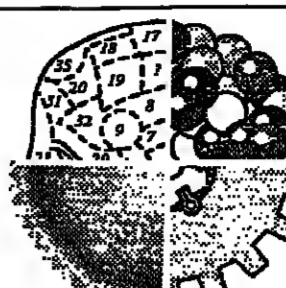
The company has put about 50 man-years into the design of the new chip set. It is likely to be well received by the set makers, which are faced with reducing prices in an increasingly competitive market. US prices for all radio phones have been dropping at more than 20 per cent a year. The 1983 cellular radio price of \$3,000 (for a car-mounted system) had dropped below \$500 at the end of 1988.

Philips thinks the greatest growth will now be in hand portables.

Sharp pictures of sharp characters

GOOD, sharp pictures of people involved at the scene of crimes in banks, building societies, airports and other vulnerable premises are not easily obtained.

Often video cameras have failed to provide sufficient definition; and the subject



WORTH WATCHING

Edited by Geoffrey Charfish

may well be moving about swiftly, including blur into the recorded television frames. But things will soon get more difficult for the criminals because Hasland Photonics, of Hemel Hempstead in the UK, has developed a still video camera system which greatly improves the chances of a sharp picture, whatever the circumstances.

Called SV-553, it uses a high-definition frame-grabbing chip, from which two pictures are taken every second and recorded on standard VHS tape.

Frame exposure times can be very short using an electro-mechanical shutter, reducing movement blur. Hasland Photonics says that a sensitivity equivalent to 2000 ASA film speed is obtainable. This allows small lens apertures to be used for better sharpness over more of the picture area.

The monochrome pictures displayed on the high resolution monitor are close to photographic quality. Polaroid Corporation of the US has designed an instant printer for the system, allowing 5 by 4 in prints to be made quickly, for distribution to police officers for example.

The images, which are digital, can be sent to other locations over suitable links. If required, the camera can also be used as a regular live action television camera.

New method of in-house printing

RANK Xerox (UK) claims to have developed the first viable alternative to offset black and white printing. Its model 5090 xerographic printing and finishing machine combines the flexibility and economy of duplicating photocopiers with a

consistent printing quality "comparable to that of offset machines."

The new machine can produce 135 copies per minute. It has automatic collating and carries out stitching and binding. A 125-page document is thermally bound in 13 seconds.

Initial field trials carried out by the company, comparing the total job time of the 5090 with that of offset printing, show that productivity gains of 30 to 50 per cent can be achieved. A capable of printing complex documents with covers and tabbed section dividers, the 5090 will produce reports, manuals, directories, contract documents and catalogues. It can handle line art, original photographs and halftones. A re-circulating document handler holds up to 250 originals.

A computer with 20 megabytes (20m characters) of memory controls the new system. Among the many functions it looks after is one which allows the operator to program the next job while the current one is still running. The computer can hold the programmed instructions for up to 36 jobs, ready for use at the press of a button.

Cladding to keep hulls clean

THE GROWTH, mainly of barnacles and weeds, on ships' hulls needs to be prevented since the frictional drag it causes raises fuel costs. Removing the growth annually is expensive, so the ships are often coated with anti-fouling paint.

The commonest variety of this paint contains tri-butyl tin (TBT). But TBT stands accused of impairing other kinds of marine life, and the opposition to it has led to regulations banning its use. In response NKK, of Japan, has turned back to copper which has long been known to do a similar job. With Sakai Steel Works, NKK has conducted successful tests of a 0.5 mm thick cupro-nickel cladding for ships' plates.

The composition is 90 per cent copper and 10 per cent nickel. NKK is supplying samples of the cladding on 14.5 mm steel plate, to the Japanese Ship Research Institute.

CONTACTS: Philips Components: The Netherlands, 40 78111, Rank Xerox UK, 0695 51133, Hasland Photonics: 0442 532526, NKK: Tokyo, 212 7111.

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Advertisement for Mitsui Finance Australia Limited. A\$ 200,000,000 Floating Rate Notes due 1991. In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the second Interest Period from February 20, 1989 to May 22, 1989, the Notes will carry an interest rate of 16.555% per annum. The interest payable on the relevant Interest Payment Date, May 22, 1989 will be A\$ 4,127.41 per A\$ 100,000 denomination. The Fiscal Agent: KREDIETBANK S.A. LUXEMBOURGEOISE.

Advertisement for Credit d'Equipement des petites et Moyennes Entreprises. Can Dol 90,000,000 10 per cent. Guaranteed notes due 1991. Notice is hereby given that the amount payable on September 27, 1989 on coupon no. 1 will be Can dol 1,000 and can dol 1,250 in respect of notes of Can dol 10,000 (and not Can dol 100 and Can dol 1,000 respectively as erroneously stated on coupon no. 1). Nonholders are requested to deliver their notes as soon as possible to the Fiscal agent at the following address: Banque Internationale a Luxembourg S.A. Attn.: Securities Department, 2, Boulevard Royal, L-2003 Luxembourg.

Advertisement for THIRD SERIES FLOATING EURO-DOLLAR REPACKAGED ASSETS OF THE REPUBLIC OF ITALY. DUE 1994. US\$ 300,000,000 F.F.A.R.I. III. For the period from February 23rd, 1989 to May 23rd, 1989 the Notes will carry an interest rate of 6 1/4% per annum with an interest amount of US\$ 2,466.77 per US\$ 100,000 Note. The relevant interest payment date will be May 23rd, 1989. Banque Paribas (Luxembourg) S.A. Agent Bank.

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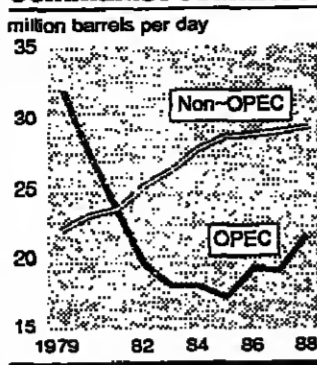
COMMODITIES AND AGRICULTURE

Non-Opec oil producers offer to do their bit

Steven Butler on fresh efforts to support prices

A GROUP of oil producing countries not affiliated with the Organisation of Petroleum Exporting Countries...

Oil supply outside communist countries



risky strategy although the rewards could be great.

The accompanying illustration shows how non-Opec oil producers have benefited at the expense of Opec during this decade.

This delivered a blunt message to non-Opec producers which, during the 1988 collapse of oil prices, seems to have finally sunk it.

They were also upset by what many saw as ridiculously high base figures from which to calculate cuts by the non-Opec countries.

Many Opec producers feel they have been played with politically by the non-Opec producers. Mr Isam Abdul

Australian steam coal price rise agreed

By Chris Sherwell in Sydney

AUSTRALIAN steaming coal producers have won a second successive price increase from Japanese power utilities under an agreement reached in Tokyo for the year beginning in April.

In sharp contrast to last year's drawn-out negotiations, this agreement was concluded quickly and easily. It specified a price of US\$35.15 per tonne, \$3.50 above the \$31.65 agreed for the current year and well ahead of the low of \$29.40 struck in 1987-88.

Even after allowing for the appreciation of the Australian dollar the price rise will help to put the coal companies on a firmer financial footing and assist Australia's chronic balance-of-payments problems.

Although the deal is for little more than 1m tonnes and involves just three producers in New South Wales and the Chongkuo Electric Power Company, it represents the benchmark for most of the 20m-plus tonnes of steam coal exported to Japan during 1989-90.

The increase exactly matches the US\$3.50 a tonne rise won in December by Australian producers of hard coking coal, but it is less than the US\$4.5 a tonne increase achieved by soft coking coal producers.

In US dollar terms it represents a 9.8 per cent increase, but at the Australian dollar exchange rates prevailing at the time each year's contract was agreed it amounts to just 4.5 per cent.

Warning on EC sheepmeat costs

By Bridget Bloom, Agriculture Correspondent

THE EUROPEAN Community's sheepmeat regime has become a racket for some and a racket for others. Mr Peter Pooley, deputy director general for agriculture in the European Commission, warned yesterday.

Mr Pooley, speaking at Agri-Europe's annual European Agricultural Outlook conference in London yesterday, said that unless it was speedily reformed, the regime would soon be costing Ecu 2bn (£1.2bn) a year, making sheepmeat 40 times more expensive per tonne to support than beef.

The sector was the only major one left in the common agricultural policy for which there had as yet been no reform.

Although the Commission had produced proposals, these were proving difficult to negotiate because those involved had "so much to lose in bringing the regime back to sanity".

Japanese beef up Australian investments

By William Dulforce in Geneva

STRONGER PRICES in the world beef and veal market in the short and medium term would seem to be guaranteed, according to the secretariat of the General Agreement on Tariffs and Trade.

for the regime include the abolition of the variable premium on lambs enjoyed by Britain, a chief beneficiary of the regime.

Mr John MacGregor, Britain's Minister of Agriculture, skated over the problems of the sheepmeat regime in his opening remarks to the conference, preferring to dwell on the success so far of the CAP reforms which had markedly reduced the notorious "mountains" of surplus farm produce and helped to bring the market support budgets for most commodities under "binding" controls.

Mr MacGregor commended the Commission's attempts to return intervention buying of surpluses to the original concept of an end-of-season safety net. According to Mr Pooley, the Commission's moves on intervention had been successfully designed to produce a radical and damaging change in the pattern of intervention and the pattern of the market.

The importance of the EC's reforms, which are based on so-called budget stabilisers, was that they formed a strong link between the policy of prices and the policy of intervention.

The outline was gloomy, especially for cereals, where stabilisers had failed to curb production. They could turn out to be a precursor of a cereals quota or a mandatory scheme to set-aside arable land, Professor Tangemann said.

A voluntary set-aside scheme was introduced by the EC late last year and yesterday Mr MacGregor gave the first detailed figures for its implementation.

Even though Britain is one of the few countries to have implemented the scheme fully, only 1,520 farmers would participate this year, setting aside 143,000 acres.

Mr MacGregor said that, contrary to some reports, while one third of farmers had elected to set aside all their eligible land there were mostly small plots, often less than 25 acres. Only 6 per cent of applicants were setting aside areas of more than 250 acres.

Mr MacGregor also noted that tenant farmers were finding the scheme attractive, since one third of applications were from them. Also applying were cereal producers in countries like Norfolk, giving the lie to suggestions that only marginal cereal producers would be interested in the scheme.

Venezuela sells gold to raise reserves

By Joseph Mann in Caracas

VENEZUELA'S NEW Government this week began selling non-monetary gold to replenish international monetary reserves.

On Monday, the Central Bank of Venezuela despatched eight tonnes of non-monetary gold to an undisclosed buyer in London. Mr Pedro Tinoco, the bank's president, said that on the same day the Government shipped some monetary gold reserves to London as part of a

"strategic placement" of gold reserves in "the most important world financial centres."

He stressed that, while the non-monetary gold was to be sold, the government would not sell or pledge its monetary gold reserves against loans. The government reported that its monetary reserves fell by almost 30 per cent last year, to US\$6.6bn. In fact, Venezuela's liquid reserves were

"exhausted" by the time the new Government took over on February 2, according to President Carlos Andres Perez.

In 1987, the Venezuelan government began selling gold mined in the state of Bolivar to raise cash, and this week's shipment forms part of a general plan to increase government revenue through gold sales and through loans backed by future gold deliveries.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table showing various commodity prices including COPPER, COCOA, COFFEE, RUBBER, and LONDON METAL EXCHANGE.

COCO A Shtone

Table with columns: Close, Previous, High/Low for various cocoa grades.

LONDON METAL EXCHANGE

Table showing prices for Aluminum, Cash, Copper, Lead, Nickel, Zinc, and others.

US MARKETS

Table showing prices for Gold, Silver, and various metals.

New York

Table showing prices for Gold, Silver, and various metals in New York.

COPPER 25,000 lbs cents/lb

Table showing copper prices with columns for Close, Previous, High/Low.

Chicago

Table showing prices for Soybeans, Corn, and other agricultural products.

SPOT MARKETS

Table showing prices for crude oil, gas oil, and various other spot commodities.

LONDON METAL EXCHANGE

Table showing prices for Aluminum, Zinc, Lead, and other metals.

POTATOES Shtone

Table showing potato prices.

LONDON BULLION MARKET

Table showing gold and silver prices.

SOYABEAN MEAL Shtone

Table showing soybean meal prices.

WHEAT 5,000 lbs min; cents/50b-bushel

Table showing wheat prices.

MAIZE 5,000 lbs min; cents/50b-bushel

Table showing maize prices.

WOOL

The sudden drop in the Australian dollar played havoc with the wool trade around the world last week. Combsen persists in its forecast of a sharp decline.

GRAINS Shtone

Table showing prices for various grains.

SOYABEAN MEAL Shtone

Table showing soybean meal prices.

WHEAT 5,000 lbs min; cents/50b-bushel

Table showing wheat prices.

MAIZE 5,000 lbs min; cents/50b-bushel

Table showing maize prices.

COTTON 60,000 lbs cents/lb

Table showing cotton prices.

LIVE CATTLE 40,000 lbs; cents/lb

Table showing live cattle prices.



LONDON STOCK EXCHANGE

Worries over interest rate prospects

THE SPECTRE of a rise in UK interest rates suddenly reappeared in the London equity market yesterday in the wake of a falling pound and signs of inflationary pressures in the US. A stock market fuelled the term of the year by hopes that domestic rates had peaked and might soon turn lower, went into reverse as institutional buyers backed away. The fall gathered pace as Wall Street made a weak start after Mr Alan Greenspan, the chairman of the Federal Reserve, described the 6.5 per cent rise in US consumer prices in January as "disturbing". The fall in sterling was bad

Account Opening Dates table with columns for month and date.

news for the London market which raises on a firm pound to enable the UK authorities to cut domestic interest rates, perhaps even 70m Budget Day, March 14. "The dip in sterling has finally killed misplaced hopes for a cut in base rates," commented Mr Bill Smith at Prudential-Bache. At Schroder

Securities, Mr Robin Aspinall was even more damning. "A couple of weeks ago I said sterling was on the brink of a mini-crisis. Yesterday, it began". Equities opened lower but staged a technical rally at mid-morning, helped by the stock futures market, where the FT-SE Index contract remained around a 20 point premium. However, the market sagged away as Wall Street came in on the downside and UK buyers backed off. At the close, the FT-SE Index was down 27.3 points at 2033.7. Analysts commented that the market is still only 3.4 per cent off its trading peak, and

expressed doubts over the near term outlook. Some chart analysts speak of "strong support" around FT-SE 1900, but fear a fall to around 1920. There is no doubt that any sign of higher interest rates would mean a significant reversion of City forecasts on all fronts. Turnover remained moderate by recent standards, with 543.2m in the previous session. Stock Exchange statistics for this week indicate that retail interest has remained high, showing daily totals above the 10m mark. The equity market still awaits the introduction of the

second move phase in changed trading reporting systems. Today sees the testing of software intended to blank out price reporting on share deals worth more than £100,000; the changes will be put into effect on Monday, according to the Stock Exchange. The market is likely to take its lead today from the trading report from ICL, a weak spot yesterday despite sterling's weakness. Consolidated Gold Fields were a shade easier, still awaiting the boardroom defence against Minorco's latest £3.2bn offer. RTZ advanced smartly against the trend when institutional buyers caught the market by surprise.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices (Government Secs, Fixed Interest, Ordinary, Gold Mines) and their values for Feb 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 1988/89, and Since Completion.

S.E. ACTIVITY table with columns for indices (Gilt Edged Bargains, Equity Bargains, Equity Value, 5-Day average, Gilt Edged Bargains, Equity Bargains, Equity Value) and values for Feb 21 and Feb 20.

London Report and latest Share Index: Tel. 0898 123001

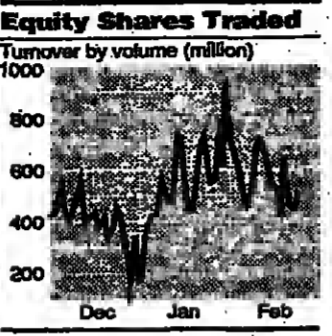
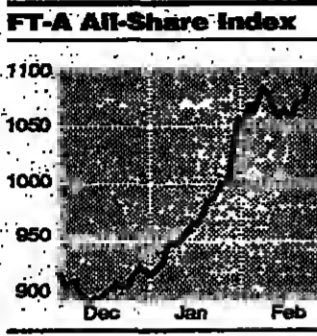
TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including Shell, British Petroleum, and others, with columns for stock name, volume, and price.

some of Tuesday's fall before easing late to close little changed at 433p as word went round of a possible development in the trading Account starting next Monday. A bid for the group was ruled out and market speculation leaned towards Reed utilizing its sizeable cash resources by making a large acquisition, probably in the publishing field. Although favoured by Kleinwort Benson, BAT Industries were unable to resist the general trend and the adverse effects of a stronger dollar. They fell 11 to 546p. A national newspaper report of Toyota executives examining potential sites for a new factory in the UK directed buying interest towards Incepace, which holds the distribution rights for Toyota cars in

Food retailing caution

Shares in food retailer J Sainsbury wilted under strong selling pressure in early trading after Warburg Securities reduced its 1989/90 profits forecasts for the supermarket group by £5m to £400m. The bearish stance on the sector, including recent high value settlements such as the 9 per cent deal at Tesco, the worsening consumer background, the impact, admittedly slight so far, of the food scare on sales, and the fact that there is a limit to which margins can be pushed ahead. "Also, the rate of productivity improvements enjoyed by the grocers in recent years look set to slow down," said Mr Watte. After a busy day, Sainsbury closed 10 weaker at 224p as turnover reached the exceptionally high figure of 9.3m shares.



likely to outpace it." The full year results are due in April and investors should look for £193m pre-tax profits. Mr Grogan predicted 14 per cent growth on top of that for the current year. The improvement will come from a mixture of organic growth, strong cash flow and margin gains. If acquisitions are slotted in, his figure will look distinctly conservative, he said. Likely acquisition targets for Reckitt include toiletries in Europe, household goods in both the US and Europe, small food businesses in the US and, if it can find them, small pharmaceutical marketing operations, suggested Mr Grogan. ICI fell 16 to 1165p ahead of full year results due today. ICIW, which has recommended taking profits before the figures, is forecasting a narrow range between £1.48m and £1.455m with a dividend of 28p per share. "If it is 28p, it will be a nice surprise," said a dealer. Cookson lost 12 to 307p as it lifted its stake in Johnson Matthey (up 4 at 349p) to just over 9 per cent. Charter Consolidated has 28% of Johnson Matthey and Cookson's move was seen as an attempt to maintain a strategic stake in a possible bid target, Johnson Matthey convertible cumulative preference shares are set to dilute the stakes of existing shareholders. "Charter Consolidated slipped a penny to 475p. A number of bearish factors - among them a downgrading by Shearson Lehman Hutton, the US securities house - unsettled British Gas shares which dipped 2 to 171 1/2p. Turnover in Gas shares expanded

rapidly and settled at 15m, well above recent levels. Mr Jeremy Hudson of Shearson Lehman has downgraded Gas. He says the risk of an oil price collapse has receded and consequently reduced the defensive attractions of British Gas stock. Shell eased a few pence to 373p on turnover of 2.7m with brokers still divided on the chances of an increased final dividend from the company. Ultramar moved against the rest of the sector, closing up 2 to 294p on turnover of 3m. The banks sector was given a severe buffeting with NatWest especially hit by persistent selling pressure and "switching" operations after announcing the acquisition of US bank Ultra Bancorporation for £252m. The fall in the shares came despite the preliminary figures issued on Tuesday. These were regarded by dealers and analysts, and generally by the Press, as better than expected but failed to elicit any worthwhile buying interest. NatWest settled a net 16 1/2 lower at 601p on a bigger than expected turnover of 4.3m. Lloyds, scheduled to report on Friday, outperformed the rest of the banks, touching 376p at one point but subsequently dipping to close little changed on the session at 372p. Turnover was 2m. Dealers said there was big support for the shares especially from one of the leading agency brokers. Midland, reporting today - estimates of pre-tax profits range from £665m to £745m, dropped to 460p, before closing a net 12 down at 463p. Barclays eased 7 to 452p on 1.2m.

Magnet, the Yorkshire-based kitchen and bedroom furniture retailing group, moved substantially higher with dealers saying details of the proposed management buyout are imminent and could well trigger a bid battle possibly involving Woodworth or Ladbrokes. Magnet shares put on 8 to 305p with dealers still talking of stake-building by other potential bidders. Stores leader Marks & Spencer dropped 4 to 163 1/2p on turnover of 6m shares after downgrading from Morgan Stanley and BZW. Mr Nick Bubb of Morgan Stanley lowered his forecast for 1989 profits by £10m to £50m, while Mr Steven Oldfield of BZW brought his down by 25m to £355m. Mr Bubb, who met the company on Tuesday, blamed "the general food problems and the fact that M&S are not immune to problems of clothing retailing," for his move, whereas Mr Oldfield listed worries about the group's ability to generate volume in the poor retail market and the damage to sentiment from its expansion in overseas markets. There was plenty of action in the electronics sector, especially in Plessey which closed a fraction higher at 258p on turnover of 3.2m. A report that the company had reached agreement with the Sir John Clark on a 27p share was described by Plessey as "laughable" and dealers and analysts were more intrigued by news that Guardian Royal Exchange had reduced its stake in Plessey by more than 8m shares (1.09 per cent) to 40.75m (8.18 per cent). Analysts said the shares had been sold over a period of time - certainly not in any major lumps or in a short period of time. But there were some raised eyebrows as to the timing of the GRE sales of Plessey - "It does seem likely that GEC/Siemens will up their bid in April given a Monopoly slip ahead," said one analyst. BICC was again upset by the recent adverse publicity given to its Balfour Beatty subsidiary and lost 8 more to 443p. Talk that America's IBM is about to reduce its selling prices for personal computers was said by traders to have been responsible for the latest slide in Amstrad's share price, which dropped 8 more to 147p on turnover of 4.3m. Trading in Rolls Royce was brisk in the wake of reported Japanese interest overnight and talk of a bullish circular from Robert Fleming Securities. The shares held up in a weak sector, closing at 175p, up 3 on the day but 2 off the mid-session peak. Turnover was 16m. Mr Piers Whitehead, a Fleming's analyst pitched his pre-tax forecast to the end of 1989 at £241m, compared with a mar-

Wellcome doubts

Doubts about the short-term outlook for sales of Retrovir, Wellcome's anti-Aids drug, continued to depress the shares, which fell 21 to 451p after turnover of 2.1m. The latest addition to the ranks of the bear was BZW, whose analysts' forecast of a penny to 475p. A number of bearish factors - among them a downgrading by Shearson Lehman Hutton, the US securities house - unsettled British Gas shares which dipped 2 to 171 1/2p. Turnover in Gas shares expanded

NEW HIGHS AND LOWS FOR 1988/89

- List of new highs and lows for various stocks including American (9), British Petroleum (10), and others.

Resilient Reckitt

Reckitt and Colman shares were among the best performers in a weak market, buoyed by a bullish note from Warburg Securities. The shares rose 9 to 1046p on turnover of just under 1m. The shares are frequently overlooked, said Mr David Grogan, a Warburg analyst. "They have grown in line with the market and are now

APPOINTMENTS

TI Group subsidiary changes

TI GROUP has appointed Mr Joe Carr as planning and business development director of the John Crane International. Mr John Henry, president, heat treatment, becomes president, thermal technology, responsible for all the businesses of Aber Ipsen and the retained business of Thermal Sciences. Mr Norman Askew becomes business development director of the specialised engineering and specialised tube companies, retaining responsibility for TI International and the TI Tysley site. Mr Robin Clarke has been appointed sales and marketing director of INTERNATIONAL FACTORS, a subsidiary of Lloyds Bank. Mr Paul Birch has been appointed to the main board of THE SCOTTISH METROPOLITAN PROPERTY, which he joined in 1982. THE INSTITUTE OF WELSH AFFAIRS has appointed Mr Colin Hughes Davies, chairman of a Cardiff property and investment company, as its director general. The institute's secretariat is based in the Cardiff Business School.



THE BANK ORGANISATION has appointed Mr John Murphy, (above) managing director of Bank Amusements, as managing director of Haven Leisure. He is succeeded by Mr Jeffrey Cohen, currently operations director of Top Rank Clubs. Both appointments are from March 15.

CHANNEL EXPRESS GROUP has appointed Mr Stephen Barker as a non-executive director. He is chairman and chief executive designate of Glamour Group.

Mr John Robinson has been appointed executive chairman of the HAFFENDEN MOULDING COMPANY, incorporating Haffenden Rubber, and Rootes Plastics. The company is part of the Melton Medes group. He was managing director of Peterfield Plastics, another group company. Mr Robinson

has also been appointed to the board of Blugit, holding company for the four Melton Medes industrial divisions.

CCL GROUP has appointed Mr William E. Drake as a non-executive director. He is director in charge of the securities department at Granville & Co., CCL's financial advisers.

FERRANTI INSTRUMENTATION has made the following appointments: Mr Neil Forbes to military operations director; Mr Brian Thruswell to military sales and marketing manager, a new post; Mr Bruce Calveley to motion manufacturing division director; and Mr Rod Nuttram to engineering and quality director.

Following its acquisition by China Merchants Holdings Group, FURNESS-HOULDER (INSURANCE) has formed a new subsidiary, Furness-Houlder Insurance Services (International), based in London, to generate non-marine business from the US and Australia. Forming the board are: Mr J. Chu, chairman; and Mr W. Collins, Mr J.W. McLaren, Mr E.J. Farrelly, Mr B. Copp (Australia & Far East), and Mr D. Eys (US) as directors. The group has formed a holding company, Furness-Houlder (Europe), based in Holland. The UK directors are Mr Chu, chairman and managing director, Mr Collins and Mr

McLaren. In Pirans, Furness-Houlder (Greece) Inc has been formed, with Mr Chu as chairman, and Mr Collins, Mr Stratis Porfyriatos, Mr Leonard Louloudis, and Mr P. Pardis as directors.

MI GROUP has appointed Mr Robert Warwick as a director of MI Independent Intermediaries.

MARSTON THOMPSON & EVERSHED, Burton brewers, has appointed Mr David Gordon as assistant managing director from June. He is Whitbread Inns director for Northern England.

MANDERS HOLDINGS has appointed Mr Barrie Everitt (above) as managing director of Mander-Domac, the industrial coatings division, and Mr Jack Singh succeeds him as financial director of Mander-Kidd (UK). Mr Singh was financial director of Manders Industrial Coatings.

Advertisement for Northwest German State Lottery with headline 'What are your chances of making a million this year?' and details of prize money and ticket prices.



Unit Trusts

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Trust Name, Code, Price, and Yield. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY AUTHORISED'.

JERSEY AUTHORISED

Table of Jersey-authorized unit trusts with columns for Name, Price, and Yield.

GUERNSEY AUTHORISED

Table of Guernsey-authorized unit trusts with columns for Name, Price, and Yield.

MANAGEMENT SERVICES

Table listing management services with columns for Name, Price, and Yield.

OFFSHORE AND OVERSEAS

GUERNSEY AUTHORISED

Table of offshore and overseas unit trusts with columns for Name, Price, and Yield.

BERMUDA AUTHORISED

Table of Bermuda-authorized unit trusts with columns for Name, Price, and Yield.

LUXEMBOURG AUTH'D

Table of Luxembourg-authorized unit trusts with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of other offshore funds with columns for Name, Price, and Yield.

BERMUDA AUTHORISED

Table of Bermuda-authorized unit trusts with columns for Name, Price, and Yield.

OFFSHORE INSURANCES

Table of offshore insurance products with columns for Name, Price, and Yield.

BERMUDA AUTHORISED

Table of Bermuda-authorized unit trusts with columns for Name, Price, and Yield.

OTHER OFFSHORE FUNDS

Table of other offshore funds with columns for Name, Price, and Yield.

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, NAV, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Americans, Int. Bank and O'Seas, and Foreign Bonds & Rails.

Table of Money Market Trust Funds listing various trust funds with columns for Name, NAV, and other financial metrics.

Table of Money Market Bank Accounts listing various bank accounts with columns for Name, Interest Rate, and other financial metrics.

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UNIT TRUST NOTES
These are in general not subject to the same regulations as those which apply to unit trusts...

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-825-2128

CANADIANS

Table of Canadian stock prices including companies like Alcan, Inco, and Noranda.

BUILDING, TIMBER, ROADS

Table of stock prices for building, timber, and roads sectors.

ELECTRICALS

Table of stock prices for electrical companies.

ENGINEERING - Contd

Continuation of engineering stock prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial stock prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial stock prices.

BANKS, HP & LEASING

Table of stock prices for banks, hire purchase, and leasing companies.

CHEMICALS, PLASTICS

Table of stock prices for chemicals and plastics companies.

FOOD, GROCERIES, ETC

Table of stock prices for food, groceries, and other consumer goods.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial stock prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial stock prices.

Hire Purchase, Leasing, etc.

Table of hire purchase and leasing companies.

DRAPERY AND STORES

Table of stock prices for drapery and stores.

HOTELS AND CATERERS

Table of stock prices for hotels and caterers.

INDUSTRIALS (Misc.)

Table of stock prices for various industrial companies.

INDUSTRIALS (Misc.)

Table of stock prices for various industrial companies.

BUILDING, TIMBER, ROADS

Table of stock prices for building, timber, and roads sectors.

BUILDING, TIMBER, ROADS

Table of stock prices for building, timber, and roads sectors.

ENGINEERING

Table of stock prices for engineering companies.

INDUSTRIALS (Misc.)

Table of stock prices for various industrial companies.

INDUSTRIALS (Misc.)

Table of stock prices for various industrial companies.

INDUSTRIALS (Misc.)

Table of stock prices for various industrial companies.

INSURANCES

Table of stock prices for insurance companies.

LEISURE

Table of stock prices for leisure companies.

100110110

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2125

LEISURE - Contd. Table listing various leisure companies like British Skyways, British Airways, and their share prices.

PROPERTY. Table listing property-related companies and their share prices.

TEXTILES - Contd. Table listing textile companies and their share prices.

TOBACCO

TRUSTS, FINANCE, LAND

Investment Trusts

Table listing investment trusts and their share prices.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies and their share prices.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

OVERSEAS TRADERS

Table listing overseas traders and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

Miscellaneous

Table listing miscellaneous companies and their share prices.

THIRD MARKET

Table listing third market companies and their share prices.

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

Table listing motor, aircraft, and related companies and their share prices.

Table listing various companies in the leisure, property, and tobacco sectors.

Table listing various companies in the trusts, finance, and land sectors.

Table listing various companies in the oil and gas, overseas traders, and plantations sectors.

Table listing various companies in the mines and third market sectors.

Table listing various companies in the miscellaneous and third market sectors.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

Table listing various companies in the leisure, property, and tobacco sectors.

Table listing various companies in the trusts, finance, and land sectors.

Table listing various companies in the oil and gas, overseas traders, and plantations sectors.

Table listing various companies in the mines and third market sectors.

Table listing various companies in the miscellaneous and third market sectors.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their share prices.

Table listing various companies in the leisure, property, and tobacco sectors.

Table listing various companies in the trusts, finance, and land sectors.

Table listing various companies in the oil and gas, overseas traders, and plantations sectors.

Table listing various companies in the mines and third market sectors.

Table listing various companies in the miscellaneous and third market sectors.

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

Table listing shoe, leather, South African, and textile companies and their share prices.

Table listing various companies in the leisure, property, and tobacco sectors.

Table listing various companies in the trusts, finance, and land sectors.

Table listing various companies in the oil and gas, overseas traders, and plantations sectors.

Table listing various companies in the mines and third market sectors.

Table listing various companies in the miscellaneous and third market sectors.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

This service is available to every Company dealt in on the Stock Exchange through the FT Cityline help desk on 01-925-2125

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

High yielders lose attraction

STERLING AND the dollar suffered a general weakening yesterday, as sentiment turned against the higher yielding currencies and saw fundamentally strong units, such as the D-Mark, return to favour.

There should be some delicacy in handling the situation. The market is looking for a weakening of sterling and is only likely to regard attempts by the Bank of England to push the pound higher as a better opportunity to sell.

tion to yesterday's announcement that the US Consumer Prices Index rose 0.6 per cent in January. This was twice the level in December, and was slightly above the level of most forecasts.

FINANCIAL FUTURES

Prices fall on weaker sterling

A POOR performance by sterling encouraged investors to take a renewed interest in March short sterling futures in the Liffe market yesterday.

US interest rates have prompted many investors to revise the view that UK base rates have peaked at 13 per cent.

exposure by purchasing contracts at a lower price. West German Government bond futures fell sharply in record volume, following a rise in the sale and repurchase tender rate in Frankfurt yesterday.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Unit, Rate, % change, etc.

STERLING INDEX

Table with columns: Date, Index, % change, etc.

CURRENCY RATES

Table with columns: Currency, Rate, % change, etc.

EURO CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate, % change, etc.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change, etc.

NEW YORK

Table with columns: Instrument, Rate, % change, etc.

FT LONDON INTERBANK FIXING

Table with columns: Instrument, Rate, % change, etc.

MONEY RATES

Table with columns: Instrument, Rate, % change, etc.

NEW YORK

Table with columns: Instrument, Rate, % change, etc.

LONDON (LIFFE)

Table with columns: Instrument, Rate, % change, etc.

CHICAGO

Table with columns: Instrument, Rate, % change, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Instrument, Rate, % change, etc.

CURRENCY MOVEMENTS

Table with columns: Currency, Change, % change, etc.

OTHER CURRENCIES

Table with columns: Currency, Rate, % change, etc.

BASE LENDING RATES

Table with columns: Bank, Rate, % change, etc.

LONDON MONEY RATES

Table with columns: Instrument, Rate, % change, etc.

NEW YORK

Table with columns: Instrument, Rate, % change, etc.

BASE LENDING RATES

Table with columns: Bank, Rate, % change, etc.

CROSSWORD

Crossword puzzle grid with clues for Across and Down.

JOTTER PAD section with various notices and advertisements.

FT LONDON INTERBANK FIXING

Table with columns: Instrument, Rate, % change, etc.

MONEY RATES

Table with columns: Instrument, Rate, % change, etc.

NEW YORK

Table with columns: Instrument, Rate, % change, etc.

LONDON MONEY RATES

Table with columns: Instrument, Rate, % change, etc.

NEW YORK

Table with columns: Instrument, Rate, % change, etc.

BASE LENDING RATES

Table with columns: Bank, Rate, % change, etc.

COMPANY NOTICES

NOTICE TO HOLDERS OF WARRANTS section for FUTABA CORPORATION.

THE SHELL TRANSPORT AND TRADING COMPANY

Advertisement for THE SHELL TRANSPORT AND TRADING COMPANY.

O K ZAARS (1928) LIMITED

Advertisement for O K ZAARS (1928) LIMITED.

NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE TO PREFERENCE SHAREHOLDERS section.

THE RESIDENTIAL PROPERTY PAGES OF THE WEEKEND FT

Advertisement for THE RESIDENTIAL PROPERTY PAGES OF THE WEEKEND FT.



WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, Belgium, Denmark, France, Germany, Italy, Japan, and Switzerland. Columns include stock names, prices, and changes.

Table of stock market data for Canada, listing various Canadian stocks and their performance.

Table of stock market indices for New York (Dow Jones), Tokyo, and other major markets, showing index values and changes.

Table of stock market data for Australia, listing various Australian stocks and their performance.

Table of stock market data for the United Kingdom, listing various UK stocks and their performance.

Advertisement for 'Your FT hand delivered in Germany' featuring 12 free issues of Financial Times magazine. Includes contact information for Frankfurt.

3pm prices February 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers for stock names, prices, and changes. Includes sub-sections for 'NEW YORK STOCK EXCHANGE' and 'NASDAQ'.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yield, P/E, and Close Price.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices February 22

Table of Over-the-Counter prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yield, P/E, and Close Price.

AMEX COMPOSITE PRICES

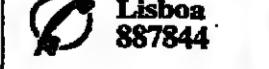
3pm prices February 22

Table of AMEX Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div. Yield, P/E, and Close Price.

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And ask Roberto Alves for details.



London 10 Downing Street

AMERICA

Consumer prices rise sends Dow tumbling

Wall Street

A LARGER-than-expected increase in consumer prices in January, coupled with warnings about the risks of higher inflation from Mr Alan Greenspan, chairman of the US Federal Reserve, triggered heavy selling of equities yesterday.

Selling accelerated after the first hour of trading, and by early afternoon the Dow was off almost 41 points. The fall almost wiped out four successive days of rising prices and pulled the Dow below the 3,000 level, which had proved a formidable obstacle on the index's way up.

EUROPE

Frankfurt retreats to year's lows

THE WEST German market dropped by more than 1 per cent as growing nervousness over inflation and interest rates sent leading European bourses into retreat, writes Our Markets Staff.

DM2.2bn is being removed from the market. The pact rates were 6 to 6.25 per cent, compared with 5.3 to 5.8 per cent previously.

ASIA PACIFIC

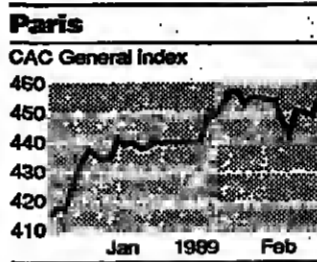
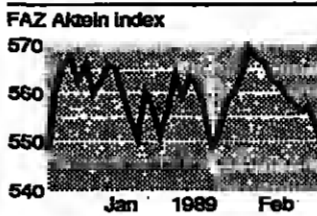
Investment trust demand helps Nikkei rally sharply

Tokyo

A FLOOD of buy orders from newly established investment trusts wiped out any bearish thoughts left after Tuesday's sharp fall and sent the Nikkei average to a new high, writes Michiko Nakamoto in Tokyo.

Nickless added 4 cents to AS\$5.96 on news of higher interim profits. Perth-based Caraboda saw a second session of active trading in anticipation of its privatisation, ending unchanged at 22 cents with 4.3m shares traded.

Frankfurt



continued thin trading as investors awaited the conclusion of the Christian Democrat Party congress. Optimism about the political outlook is growing now that Prime Minister Ciriaco De Mita seems to have won the full support of the party for his programme, said one analyst.

Roundup

HIGHER metal prices, expectations of good corporate results and the strength in neighbouring Tokyo helped Asia Pacific markets to a firmer finish.

Amsterdam suffers glut of indices

Laura Raun on the yardsticks that are double Dutch to investors

TOO many yardsticks can blur that which is being measured. Witness the number of stock market indices and sub-indices on the Amsterdam bourse, which have proliferated to such an extent that some observers are downright confused.

The total return index tracks movements of officially listed stocks with the same exceptions as with the all share index, but cash dividends are reinvested in the portfolio.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Tuesday February 21 1989, Monday February 20 1989, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, and The World Index.

CAPITAL & COUNTIES advertisement. Features a bar chart showing 1988 results: Total Assets (£1.1 billion, +42%), Shareholders' Funds (£750 million, +37%), Profit before tax (£43.5 million, +75%), Earnings per share (20.3p, +22%), Net Assets per share (492p, +23%). Includes a logo and contact information for the company secretary.

Handwritten signature or mark at the bottom of the page.